The Washington Monthly

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Russia's reactor roulette

Reviews by John Kenneth Galbraith and Jonathan Alter

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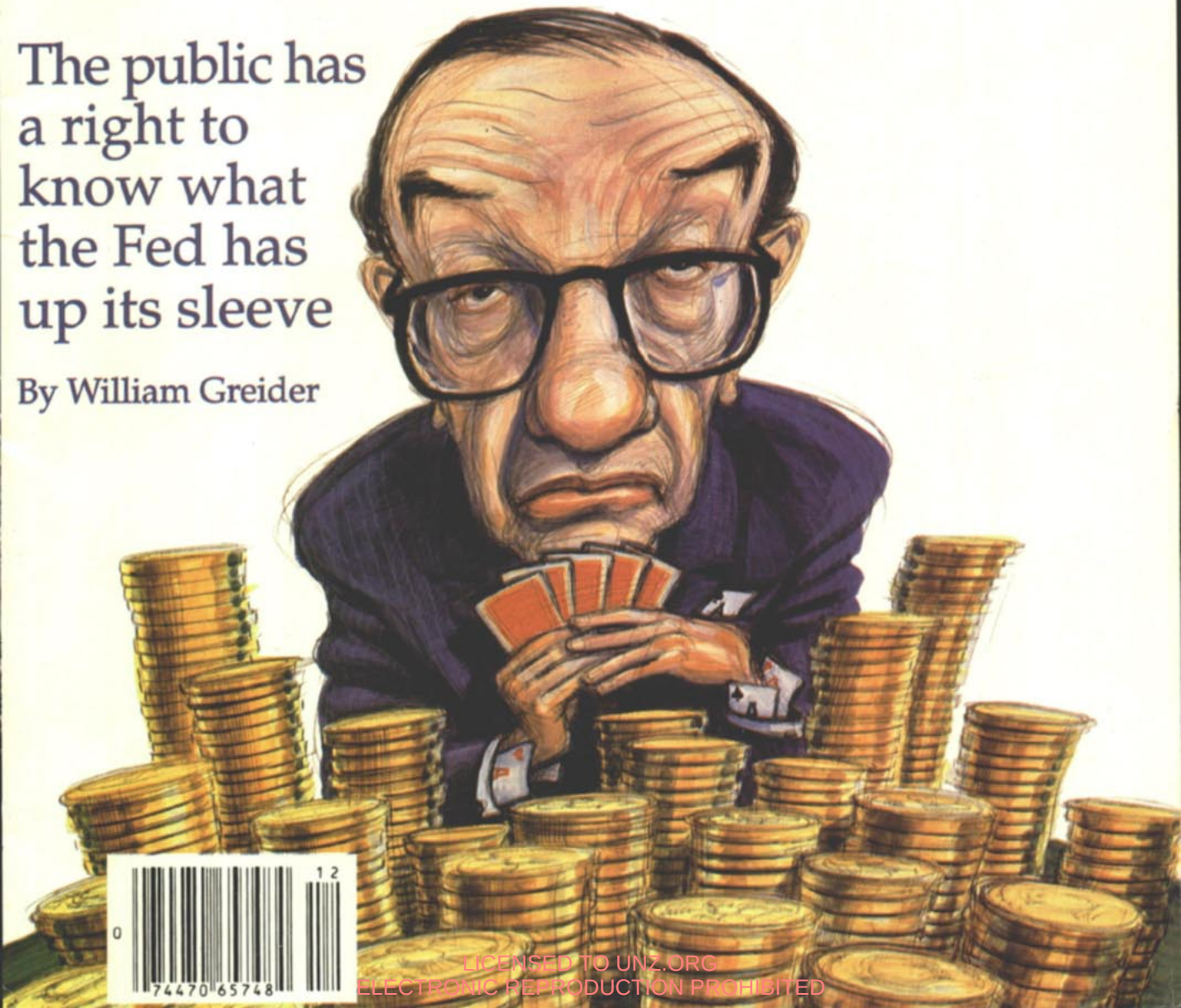
WHY ALAN GREENSPAN SHOULD SHOW YOU HIS HAND

The public has a right to know what the Fed has up its sleeve

By William Greider



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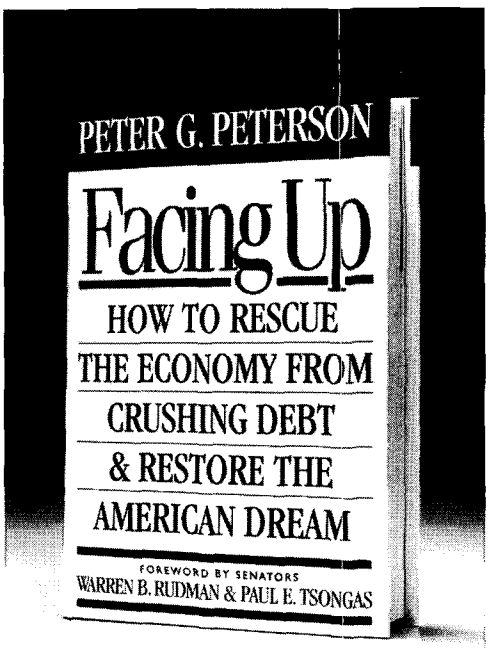

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Peter G. Peterson, former United States Secretary of Commerce, is Chairman of The Blackstone Group, a private investment bank. In 1992, Peterson, together with Senators Warren Rudman and Paul Tsongas, founded The Concord Coalition, a nonpartisan citizen's group dedicated to telling the American people the truth about the budget deficit and other pressing economic problems. Royalties from Facing Up *are being donated to The Concord Coalition.*

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The Washington Monthly

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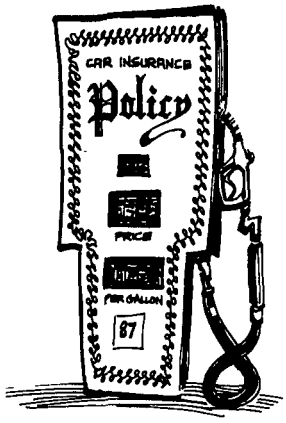

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Letters

Journals of truth

I'm not about to argue with Bill Gifford's central contention that the *Wall Street Journal*'s editorial page has devolved into a screechy, hysterical parody of itself ["Journal Fever," November]; it's pretty evident to any regular reader. I do think it's worth pointing out, however, that not every *Journal* editorial stance is nutty. There are at least three issues where the *Journal* has taken principled stands and argued for them lucidly and intelligently. The first of these is NAFTA, where the *Journal* has so consistently taken the high road that it has even praised—quite generously—President Clinton for his eloquent articulation of the free-trade-is-good arguments the *Journal* has always embraced. The second is welfare reform, where the *Journal*'s Jack Kemp-like solutions (enterprise zones; privatization of housing projects, etc.) are at least as plausible as most liberal ideas about welfare. And the third is immigration, which the *Journal* has consistently and proudly championed, even as many conservatives have reverted to nativism and xenophobia.

Gifford doesn't mention immigration in his piece, but he does mention the first two issues, casually lumping them with the paper's attacks on Lani Guinier and Vincent Foster as yet more examples of why the page has become a joke. Unwittingly, he has illustrated one of the most lamentable consequences of the editorial page's penchant for hysteria: Even when it is not being hysterical, one is inclined to dismiss its editorial positions simply because they appeared in a *Wall Street Journal* editorial! The page has lost its ability to persuade even in those handful of cases when it has something worth saying.

Joseph Nocera
Northampton, MA

Gags Rule

Bill Gifford's reflection on the foibles of the *Wall Street Journal* editorial page mines a practically inexhaustible vein of hypocrisy and ignorance. A few additions, if I may:

Gifford leads off with the *Journal*'s typically disingenuous treatment of the case of Bill Ellen, wetlands despoiler extraordinaire. What is even more ironic about this episode is the *Journal*'s indignation "over a bureaucrat's interpretation of an ambiguous congressional law." Unsurprisingly, when the Supreme Court upheld (in *Rust v. Sullivan*) the Reagan/Bush Title X regulations—the so-called "gag rule" on abortion clinic doctors—the *Journal* took a decidedly different view of the powers of federal agencies to interpret statutes loosely.

And on February 11, 1993, the *Journal* ridiculed Interior Secretary Bruce Babbitt for his unfamiliarity with "the 'takings' clause of the 14th Amendment." Unfortunately for Messrs. Bartley et al., the Takings Clause is found in the 5th Amendment, not the 14th. I guess being out of it is OK (at the *Journal*, anyhow) as long as you've got a good axe to grind.

Mark Eckenwiler
Brooklyn, NY

Bombs Away

In "The Wins of War" [October], Nicholas Lemann writes that William O'Neill "has little use for the liberal bromide that dropping the atomic bomb was unavoidable" because an immensely bloody invasion of Japan "was the only alternative to dropping the bomb." Quite untrue. The argument may be convincing at first glance, especially as developed in Paul Fussell's influential article, "Thank God for the Atom Bomb." (I can understand that argument because, like Fussell, I was scheduled for the Japanese invasion force after I thought I had already done enough work fighting Hitler's hordes.) The argument is faulty simply because there was absolutely no need for an invasion.

By late 1944, Japan had already lost the war, and the continuation of hostilities for another year did nothing but compound the suffering on both sides. A handful of American submariners, in just 140 submarines, had assured Japan's defeat by decimating its merchant shipping and cutting off its access to critically needed supplies, especially oil.

With the stranglehold it had gained over Japan's lifeline, the U.S. should have suspended all other operations by late 1944 and waited patiently for Japan to sue for peace. Instead, America's myopic and bloody-minded military leaders—and its supine political leaders—condemned more than 50,000 Americans and more than a million Japanese to death, usually in quite gruesome ways, during the final months of the war. And then, of course, less than half a decade later, America's leaders turned around and rushed to rearm and reindustrialize the former enemy.

William M. Burke
San Francisco, CA

Corps Values

As a team member in Oakland this summer, I readily admit that the Summer of Service was no smooth ride. Leslie Kaufman's criticism

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["P.C. Corps," October] of the effort, however, was seriously misguided.

Sure, some of the programming could have been better planned and better executed. But I am stunned by the raw contempt she shows for young people from low-income backgrounds. The SoS young people from inner cities that I met were all people who had beaten the odds, who had declined to take up violence as a way of life, who were staying in school and going on to college, whose families had their deep respect and love. These young people decided to give something back by helping younger friends and relations follow in their path, learning, contributing, aspiring to something better for themselves and their neighborhoods.
Judy Karasik
Washington, DC

Lost in Space

Your November "Tilting at Windmills" column contains a major error regarding the potential office space rental savings caused by the possible elimination of 200,000 government employees. At an average of 250 square feet the total space is 50 million square feet, not 500 million. Also, since the space is not all in the District of Columbia, the average rental is probably much lower. At $15 per foot the potential savings is $750 million dollars, a far cry from $10 billion.
Stephen A. Goldberg
Washington, DC

Charles Peters replies: *As Mr. Goldberg rightly notes, math has never been one of my strong points. For that reason, we always have someone in the office check my figures. But in this case, the checker's aptitude was, alas, similar to my own. Incidentally, readers should also know that most office space is not leased but is in government-owned buildings. This means that savings could come from selling buildings as well as from having fewer private landlords to pay.*

Here ReGo Again

There are some extremely powerful and positive features of the administration's Reinventing Government initiative that David Segal overlooks ["What's Wrong with the Gore Report," November]. But these oversights are forgiven in light of his critique of one of the central fallacies of Total Quality Management that the initiative endorses: Systems, not people, fail. This cultural and economic nonsense is also at the heart of our opposition to performance standards and testing in education. No one in this country wants to be judged. As long as that principle reigns, we are doomed to mediocrity. In my experience in government, 40 percent of the people do 80 percent of the work (and 95 percent of the quality work), and do a superhuman job in light of their burden. Another 40 percent find enough ways to attenuate their days so they cover the rest of the work. All of us who have served as supervisors have horror stories about the remaining 20 percent. Ironically, though, the assumption of Reinventing Government is correct here: The system has failed. One out of five federal workers couldn't last a week in the private sector. They shouldn't last a week in the public sector, either.
Clifford Adelman
Kensington, MD

You Mean Mamie

Regarding your comment about General Eisenhower's being at Ashford General Hospital in White Sulpher Springs in West Virginia in 1945 ["Tilting at Windmills," November]: I was a 2nd Lt. army nurse stationed at that hospital at that time, and you failed to mention that the General was *not* a patient at that hospital—Mrs. Eisenhower was the patient and was being treated for a heart condition. The care of everyone was the same and the very best available at the time.
Ivra H. Henderson
Lexington, KY

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Tilting at Windmills

Practically everyone in Washington has been criticizing Bill Clinton's foreign policy. My favorite is Christopher Hitchens' comment on the Clinton approach to Bosnia: "Like a fleshy man caught in a fight outside a sordid bar, he sometimes bellows for aides to hold his coat and let him at them but often looks grateful for the arms that are restraining him from the fray."

But when you think about it, haven't most of the rest of us been just like Clinton, at one moment wanting to bomb the Serbs or Croats and at another overwhelmed by the complexity of the problem and the difficulty of finding anything clearly effective that we could do? Haiti and Somalia are similar problems. One desperately wants to do something, but just how to do it without getting American soldiers killed is not immediately obvious. So I pray for a little less easy indignation and a little more patience as we all put our minds to figuring out a sensible way to deal with the gnarly problems created by tribal warfare as in Somalia and Bosnia and by intolerable national leaders like the Haitian military and Saddam Hussein. . . .

"The lesson of the Florio campaign is not that you can't raise taxes, but rather that you can't raise taxes and then not own up to it in your campaign," writes our New Jersey correspondent, who says what Florio should have done was to run an ad that said, "I'm your governor, Jim Florio, and three years ago I bit the bullet and put my career on the line and raised some taxes in order to. . ." and then showed the schools and other programs the taxes had paid for. This is advice Bill Clinton's re-election managers ought to think hard about. . . .

Eleven car salesmen and managers from Rosenthal dealerships in the Washington area have been indicted on charges of money laundering. They were caught by a sting operation in which F.B.I. agents posed as drug dealers who wanted to launder their illicit profits by exchanging dirty cash for nice, clean Jaguars, Maximas, and Pathfinders. In effect, the F.B.I. agents said, "Hey guys, we're crooks. Will you help us by being crooks yourselves?" The Rosenthal salesmen and managers eagerly accepted, according to the indictment. A problem for the accused has emerged during jury selection. "U.S. District Judge Stanley S. Harris dismissed several prospective jurors," reports *The Washington Post*, "who said on their questionnaires that they were inherently suspicious of car salesmen.". . .

There's a new ad out for Germany's most famous export—the Volkswagen. It lists FDR's Lend-Lease program to aid the Russians during World War II as one of the great bad deals of history. The announcer says, "In 1941, FDR lent a zillion dollars to Russia. He called it Lend-Lease. We never got the money back. It was a bad lease." You can see why the Germans feel that way, since it was their army that got demolished by the planes and tanks and other equipment we gave the Russians. . . .

The District of Columbia has adopted Jerry Brown's $100 limit on individual contributions to candidates in city elections. The result in a recent campaign for city council chairman—the first to be held with the limit in place—was that candidates were forced, according to *The Washington Post,* "to rely more heavily on personal contact with voters and grassroots organizing and relying on volunteers rather than a paid staff." That's the way democracy should work.

As for campaign reform at the federal level, at the beginning of the year both the president and congressional leaders were promising a genuine overhaul of campaign financing. But an October 29 *Post* headline told

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another story: "Campaign Finance Legislation Called 'High Priority'—For Next Year." A bill is still possible in this session, but it is almost certain to be emasculated. . . .

We now pay United States senators $133,600 a year. We also help pay for their meals. The General Accounting Office reports that since 1989, $1.25 million has been spent on subsidies for the Senate dining rooms. . . .

The DC Lottery is running a TV commercial that features sleek black entertainers singing "Day or Night, Night or Day" to advertise the fact that the citizens of the District can now play the numbers twice a day and to encourage them to take advantage of this marvelous opportunity. I can understand why revenue-starved local governments have been tempted to get into the gambling business. But there is a difference between accepting bets from people who will bet anyway and trying to entice people into gambling or into gambling more than they already do, which definitely does not seem to be a proper function of government. . . .

A few months ago, Bell Atlantic told the FCC that cable television operators exercised "undue market power to the detriment of consumers," and that cable TV rates should be lowered by as much as 28 percent. Then Bell Atlantic acquired T.C.I., one of the largest cable operations.

Paul Farhi of *The Washington Post* called Bell Atlantic chairman Raymond W. Smith and asked him if Bell Atlantic still felt the same way about lowering those rates. Smith's reply: "We might be reconsidering some of our earlier positions."

A few days later, Farhi embarrassed the industry again when he uncovered a memo from a senior TCI executive urging local cable managers to raise rates at the time new federal regulations were going into effect. "We can blame it on re-regulation and the government now," he wrote. "Let's take advantage of it!". . .

A movie called "Medical Doctor" has been playing on the Encore cable network recently. Although it was made for television on an obviously modest budget back in 1975, it rivals Paddy Chayevsky's "Hospital" in the savage accuracy with which it lays bare the scandals of American medicine. Already—this was 18 years ago, remember—"everyone is a specialist," and no one is criticizing the work of his peers. Indeed, the surest way to get into trouble is to question a colleague's judgement. Of course, this is a general truth of human nature. Few of us enjoy having our errors pointed out. Take the baseball umpires who are in an uproar about the overhead cameras that reveal beyond any doubt that the strike they called was inside or outside and definitely did not cross the plate. But umpires don't have your life in their hands whereas doctors do, which is why in reforming health care we must make sure that doctors' decisions are subject to genuine scrutiny. . . .

All this talk about calling up the National Guard for dealing with the District's crime problem reminds me that several years ago, in our April 1988 issue, we proposed a better way to deal with Washington's crime wave. It is to transfer the Uniformed Division of the Secret Service to the District's police force. There are roughly 1,000 well-trained cops in the uniformed division who spend most of their time sitting in their police cars or standing with their arms folded outside foreign embassies that don't need their protection. Their jobs were created when John Mitchell, Nixon's attorney general, thought the embassies were in danger from rioters. The danger has not proved to be real, so good cops are being wasted. Why not use them to meet an urgent problem? . . .

Speaking of John Mitchell, whom you may recall did time for his Watergate offenses, the recent trial and conviction of Deborah Gore Dean revealed that Mitchell had been part of her conspiracy to loot the Department

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of Housing and Urban Development where she was employed during the Reagan administration. It should not come as a surprise to regular readers of this column that Mitchell was a municipal bond lawyer when Nixon found him morally fit to be his attorney general. . . .

The death penalty is rarely justified, but I think it is for the crime of murdering a witness. Criminals should not be allowed to assume that they can escape punishment simply by eliminating those who might testify against them. In Florida, at least five potential witnesses in the trial of drug kingpins Augusto "Willie" Falcon and Salvador Magluta have been shot.

An example of another kind of murder that belongs in the same class as killing a witness occurred recently in Gaza when Assad Saftawi, a moderate PLO leader, was shot to death. Just as the murder of the witness is designed to prevent justice from happening, killing moderates keeps peace from happening. Other witnesses and other moderates are silenced because they don't want to die. . . .

Those high-tech weapons seemed to work so well in Iraq, but we may have gone too far in our dependence on tomorrow's technology. One reason we couldn't find General Aideed, according to *The Wall Street Journal,* is that he "communicated with his forces on simple walkie-talkies difficult to monitor with high technology American listening gear.". . .

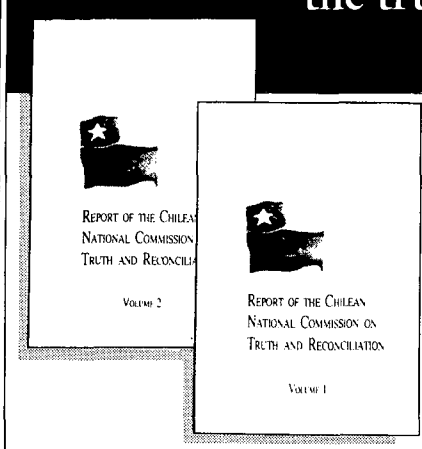
There is good news about the non-polluting car, which has been a cause of this magazine's since our first issue in 1969: GM is going to distribute electric cars to 1,000 drivers around the country for two to four week tryouts during the next two years. And Ford promises to have natural gas powered cars on the market for the 1995 model year. Compared to gasoline, natural gas costs only 70 cents a gallon. . . .

In this issue David Segal recommends a no-fault approach to auto accident liability (see page 28). We recommend a similar approach to medical malpractice: Automatic compensation for the victim's medical costs and lost wages but nothing for the infinitely inflatable pain and suffering damages that drive the cost of malpractice insurance out of sight. How then could a guilty physician be punished? By suspending or revoking his license. But how can we trust licensing boards controlled by self-protective doctors to discipline a culpable colleague? In return for getting their malpractice problem solved, doctors would have to surrender their monopoly on licensing so that it would be controlled by laymen with no interest in protecting guilty physicians but with enough doctors on the board to supply the necessary expertise. . . .

"The American Success Story" is the headline of an ad run by the American University School of Communications that depicts a briskly efficient looking young woman holding a microphone as a cameraman films her interviewing a distinguished-looking man in front of the Capitol. This "success" is one of the most gloriously useless staples of television, the pro and con interviews with congressmen on the Capitol steps. These interviews rarely tell you anything new. The main purpose seems to be to provide publicity for the politician and air time for the reporter. . . .

I'm working on a game called Safe Answers. For example, who

Moral conscience demands that the truth be brought to light



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built that London church? S.A.: Christopher Wren. Who built that French chateau? S.A.: Francis I. My interest in this developed in grade school, where I discovered that when asked to name the agricultural products of a foreign country, sugar beets was a reliable S.A., as was beet sugar for a manufactured product. Later, when I came to Washington, I found that there is nothing more highly prized here than an answer (like recommending "appropriate action" or "further study") that won't land you in trouble. I've got more, but I'd like to hear yours. Please send them in. . . .

Among the "ranchers" who have benefited from the absurdly low fees charged by the government for grazing on federal land are a Japanese company, (the Zenchiku Corporation with 40,000 acres), the Metropolitan Life Insurance company (whose permits cover 800,000 acres), and William R. Hewlett (one of the richest men in the United States). . . .

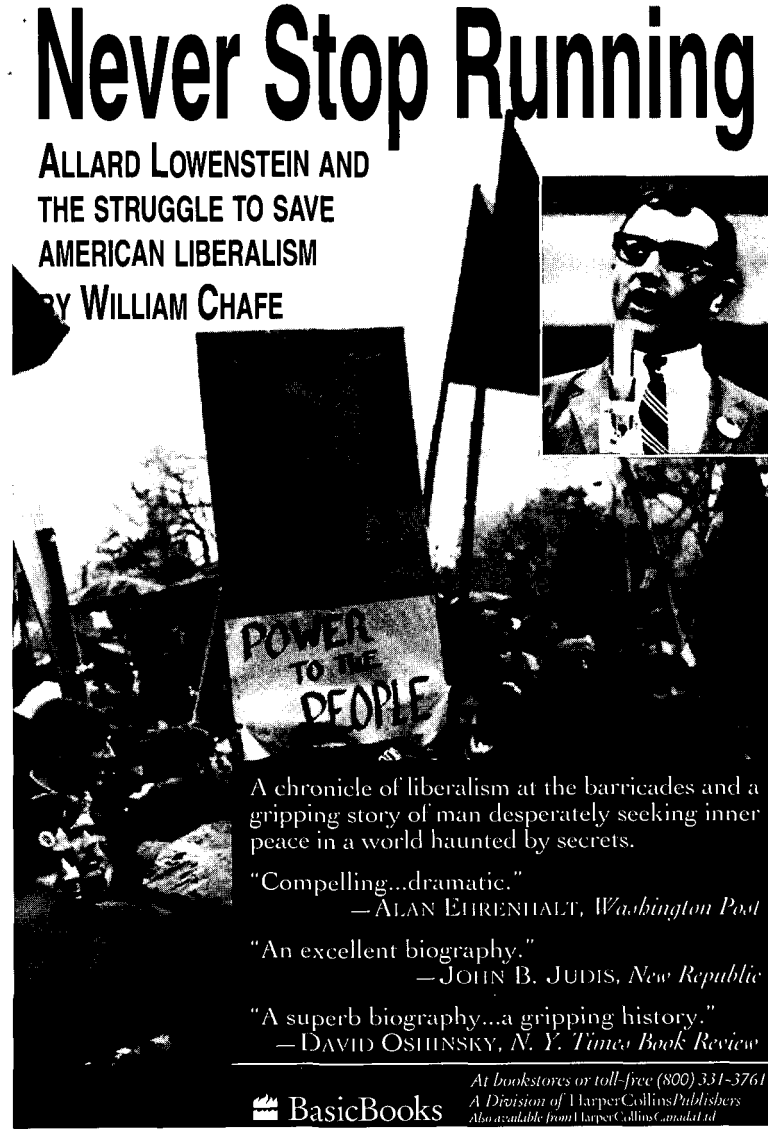
Nobody seems to believe government can do anything anymore. The comment going around Washington about the administration's health plan is, "If you like the efficiency of the Post Office and the compassion of the Internal Revenue Service, you'll love Rodham-Clinton."

The fact is that the Post Office and the Internal Revenue Service are improving from the lows they hit during the seventies and eighties. And in fact, for many years before that, their performance was outstanding. Private institutions have similar histories. Consider the auto companies, which were great through much of their history, became dismal in the seventies, and are now showing dramatic improvement. The point is that you should never assume that any institution, public or private, will automatically perform well. Constant attention must be paid to maintaining its vitality. Public education is an excellent example. Some communities, through continuing effort, have kept their schools in the top rank while many others have allowed theirs to sink into mediocrity with marginal teachers and oversized and undertalented bureaucracies.

Perhaps the best example of all is the American military, whose performance through the years has ranged from ineffective to highly efficient and indeed has attained these extremes on several different occasions. Most recently, its improvement between Grenada and the Gulf was dramatic. . . .

Mayor Dena Bonnell of Mountain View, California, has won the Monthly's Award for Political Acumen. Having pulled her car into a parking place reserved for the handicapped, she then instructed the police not to give her a ticket. She apparently assumed that these actions would not attract the attention of the press or of her opponents. This assumption proved to be erroneous. . . .

—*Charles Peters*



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The Gospel Truth

Politicians propose laws to save the inner city, but the black church—the most enduring institution in the nation's most troubled communities—can show us how to save people from the streets, one soul at a time

BY JON MEACHAM

We are climbing higher and higher; yes, I'll make it home someday;
I know I'll make it. . .
Yes, I'll make it home someday,
With the Lord as my leader and the Lord as my keeper,
I'll make it home. . . home someday . . . Yes, Lord, I'll make it home

The choir's voices slow to a stop, but there is no silence at Washington's First Baptist Church on this autumn Sunday. Amid cries of "Amen," Pastor Frank D. Tucker, his bald head framed by graying temples, steps to the pulpit. The overhead lights dim, and the beam trained on the pulpit subtly accentuates Tucker's stocky frame. Peering out over the congregation, his eyeglasses refract tiny flecks of light. Behind him, still swaying, is a choir, the women dressed in white blouses and black skirts, the men in dark suits.

"We can come to church and still not know God," Tucker thunders, his cadence stressing "God," which he majestically gives two syllables. "We can come to church and still not know the spirit." Shouts of "Amen." "We're not going to straighten up this mess in our world and we're not going to fix our families until we confront and accept the power of God in our daily lives." Tucker paces, his voice rising and falling. One instant he's pleading—"We've got to stand up against these evils out here in our streets, to protect our children and our homes"—and the next prescribing, in a shout, the way to a better day—"If you walk with Him, stay with Him, live in Him, *He* will deliver you."

Tucker pauses: one beat, two beats. He smiles broadly, a patriarchal, consummately charming grin, and he takes out a handkerchief to wipe his brow. Another beat. More shouts. "Be cool, and know God is on His way." Still more shouts. "Be calm: The storm is passing over." A woman in the choir begins to shudder violently. Tucker continues: "Ohhhh, thank God almighty. . . . And soon," (women weep out loud; dozens of hands wave in

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the air as the noise ebbs and flows), "and soon, we will reach the other side, and the victory will be ours—*on the other side.*

"That's real," Tucker preaches, coming down off the rhetorical mountaintop. "That's not a fake. That's not something you conjure up." The music—an organ, a grand piano, a bass guitar, and drums—picks up. The hymn pushes the emotion of Tucker's sermon forward: *The storm is passing over, the storm is passing over, Alleluia, the storm is passing over. . .* It is too much for the choir member behind Tucker. She collapses, shouting incomprehensibly. Two female ushers in white uniforms go to her, and a burly deacon carries her out of the sanctuary. Thirteen people come forward to join the church; Tucker prays, "Our lives are threatened daily; we don't know when we might be snuffed out ourselves, with the dangers that run rampant through our streets. But God has allowed us to come around His table once again."

Pastor Frank D. Tucker, First Baptist Church, Washington, D.C.

Lenny Gonzalez

Those dangers are well-known. In Washington, Los Angeles, New York, Detroit, Atlanta, Chicago, and most of our major cities, the numbers are as dreary as they are familiar: high rates of poverty, crime, unemployment, and broken families. Right now, welfare reformers focus on carrots and sticks for single mothers; black political leaders plump for public works projects; New Democrats and New Paradigm conservatives press for urban enterprise zones or tenant ownership of public housing. The policy talk is important, but the evidence of the streets suggests that one answer has been always with us: religion. The church, unlike social service agencies, community action, or a host of other antipoverty strategies, occupies a unique place in black culture. Long the most hospitable institution in a legally segregated society, it's no accident that the civil rights movement was born and sustained in the pulpits and pews of the South.

So when President Clinton went to Memphis in November and addressed the leaders of the five million-strong black Church of God in Christ about crime and violence (from the pulpit where Martin Luther King, Jr. preached his last sermon), he wisely went to the strongest link in a large, disjointed, and troubled national minority community. Clinton talked about America's "great crisis of the spirit," a crisis manifested in 37,000 gunshot deaths a year: "The freedom to die before you're a teenager is not what Martin Luther King lived and died for . . . [U]nless we say some of this cannot be done by government because we have to reach deep inside to the values, the spirit, the soul, and the truth of human nature, none of the other things we seek to do will ever take us where we need to go." It was a call to arms for the 5,000 black pastors gathered before him and the nation's 24 million black churchgoers, a call for the Frank Tuckers—the preachers with

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faithful flocks and good hearts—to take the crusade out of the pulpit and into the streets. But in the chinstroking reaction to Clinton's speech, one pastor, Donald Sharp of Chicago's Faith Tabernacle Baptist Church, said on the *MacNeil/Lehrer NewsHour* that ". . . I would like to have heard [the president] talk about a think tank group or getting us together to sit down and discuss it, and then come out of there with some kind of plan that's going to be corrective in nature." That's exactly the kind of liberal prescription—the problems of the poor can be fixed by expertise, social services, and, inevitably, social spending—that has traditionally failed and which Tucker shrewdly questions. "We have to reach people on a personal, human level; you can only fight human entrapments with divine encounters," Tucker says, then shifts, preacher-like, into the vernacular. "All we got to do is stand where we are, and we don't need much money for that." To be sure, the other key elements of inner city salvation—good schools, jobs, and welfare reform—do require a lot of money. But religion is a low-cost, essential part of any solution, and for too many years liberals have ignored or disdained the church's role.

Forty percent of First Baptist's members drive into services from outside the neighborhood, and other urban churches have even higher commuter populations. The church is the one magnet that draws middle class blacks into otherwise desperately isolated neighborhoods.

And according to an exhaustive survey of the nation's urban black churches by C. Eric Lincoln and Lawrence H. Mamiya for their 1990 *The Black Church in the African American Experience*, even many churches themselves are failing to make a strong enough stand for the young people who are at greatest risk. Fifteen percent of pastors surveyed acknowledged that their church "does nothing for youth," and what programs there are tend to concentrate on in-church evangelism (rallies, revivals, special services) and in-church youth groups (choir, scouts, clubs) instead of genuine outreach to the places where kids hang out and, more often than not, get into trouble.

There are two elements peculiar to the church that give it the best chance to keep violence down, discourage out-of-wedlock births, encourage the healthy upbringing of children, and imbue a sense of work and responsibility that would help end poverty. First, the church's existing community networks give it an advantage that no government program could begin to match. And second, there is the church's inherent faith in the possibilities of conversion and transformation: It is in the business, remember, of deliverance. Jeremiah is frequently invoked in urban ministries: *Call unto Me, and I will answer thee, and show thee great and mighty things, which thou knowest not.* Secular social services simply cannot draw on the fervor that provokes women to faint and men to wave their hands in the air.

Take Tucker's congregation as an example. There are 1,600 businessmen, domestic workers, government employees, schoolteachers—a mix of members not unlike what an urban Roman Catholic church might have. The church's bulletin dramatizes its institutional and social networks: The Deaconess Board's Annual Ten Commandments Tea, Friday's Family Night supper, Tuesday's Gospel Aerobics, Saturday's Girl Scout and Cub Scout meetings. Do these things, coupled with Tucker's formidable preaching, translate directly into a cure for the ills of the streets? No—but when churches, as First Baptist does, offer day care, basketball leagues,

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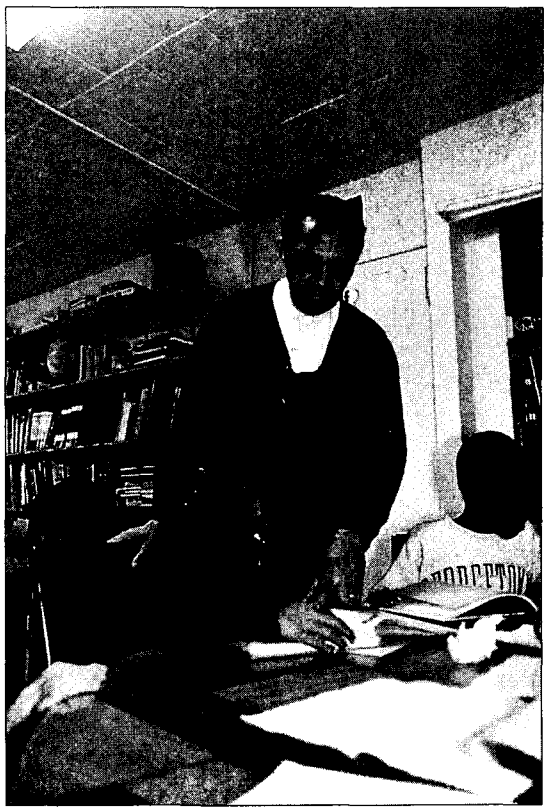
karate classes, or anything at all that might appeal to the young, then the battle is joined in a way that maximizes the church's odds against the disorder of the contemporary street. It's got stuff going on, and the people doing the stuff—the pastors, the associate pastors, the parishioners—are informed by evangelical belief.

It's true that the black middle class has been criticized for making it and then turning its back on poorer blacks—Vernon Johns, King's predecessor at Dexter Avenue Baptist Church in Montgomery, was famous for regularly accusing his genteel black congregation of snobbishly looking down on black laborers—but it is equally true that the church is one of the few spheres of life in which even slightly different classes mix (the successful contractor, for instance, sitting at the same covered dish supper with a cleaning woman). It is also clear that the church, far more than any other institution, exerts a tremendous hold on its people: Forty percent of First Baptist's members, for instance, drive in to services from outside the neighborhood, and other urban churches have even higher commuter populations. So the church is one magnet that draws middle class blacks into otherwise desperately isolated neighborhoods.

"If you look at the most disadvantaged, low income communities, there have been two enduring institutions—the corner liquor store and the church," says Emmett Carson, a Ford Foundation officer who works with the black religious community. "For many people, the church provides an early training ground for leadership; the first time they read out loud or lead a group or find a role model is in the pews or in Sunday School. It's the center of our communities."



The Rev. Donald Robinson, Beacon House Community Ministries, Washington, D.C.

Edgewood Terrace, Northeast Washington

Here is an ideal ministry. On a Sunday morning under a bright fall sky, Donald Robinson cruises along Washington's Harvard Street in Northeast in his mother's car—an old Ford Fairmont—after picking her up to go to church. He drives past the steeples of All Souls' Unitarian and past the towers of Catholic University, past clusters of churchgoers making their way into large, well established churches.

Robinson keeps driving, going farther east and farther south, away from the center of the city, into this rough neighborhood. Traffic thins; the liquor stores and boarded-up convenience stores increase in number. In the backseat of the car, a portable stereo rests precariously next to a crumpled plastic garment bag which protects the one extravagance in Robinson's life: the liturgical robes of his Unitarian faith, a black pulpit gown and light blue stole.

"This is my community," says Robinson, as Edgewood Terrace, a D.C. housing project, looms ahead. A veteran social worker who became a minister in 1990 and who has spent the last three years walking the beat at Edgewood, Robinson, 55, has founded an afternoon study hall for the project's kids, a youth football league for older boys, and this, a Sunday morning service in a basement function room of Building 635.

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Carrying the stereo and the garment bag, he double-times it into the lobby of 635, a narrow room of tile and cinderblock. Robinson rides a small, noisy elevator down to the building's basement and trots down a dimly lit hallway into a room whose barred windows offer a view of the project's parking lot. Robinson reaches the room; a Mrs. Gray is there to meet him. "God bless you, Reverend Robinson," she says, beaming at her itinerant pastor. This is the central event of the week for the 32 people who gather on folding chairs arranged in front of Robinson's makeshift pulpit—a card table covered with a white tablecloth. The stereo sits at the front edge of the table, gospel music cassettes stacked neatly next to the machine.

There are no commuters to this service. The congregation (26 women, 4 men, two children) is drawn entirely from the project. And it's hard to imagine that they are the ones in the neighborhood who most need to hear Robinson's message, one drawn from the book of Amos:

I hate, I despise your feast days,
And I do not savor your sacred assemblies.
Though you offer Me burnt offerings and your grain offerings,
I will not accept them,
Nor will I regard your fattened peace offerings.
Take away from Me the noise of your songs,
For I will not hear the melody of your stringed instruments.
But let justice run down like water,
And righteousness like a mighty stream.

An odd selection, really: The prophet is preaching against rich people, and this text is directed at anybody but the relatively poor people in Robinson's small congregation. But the drama of Robinson's sermon is a critique of churches like the ones he drove past to get to Edgewood. "I feel that ministers on Sunday just *talk* about religion; they don't *do* it," he says, to quiet "Amens" and murmurs of approval. "What is the church really doing? Yes, they may have a food pantry, and they may have a clothes pantry. But they do not teach people how to survive; they do not reach the people whose backs are to the wall."

The people whose backs are to the wall. This is resentment of what Robinson and his flock see as the black elite—the people who have moved up and out. This is a version of class warfare, a rap against churches that appear rich and indolent. Robinson is rolling now, and the small congregation is with him.

"Marching won't do it anymore," Robinson preaches. "Talking won't do it anymore; working is all that will work. All that will work—*all that will work*." The people are with him; he stops, lets the "Amens" and "Oh Lords" peter out as he pops a cassette in the stereo: *Oh Lord, I'm striving to make it through. . . I'm coming up, Lord, the rough side of the mountain, and I'm doing the best I can to make it in. . . . Oh Lord, I'm coming up, coming up, the rough side of the mountain, and, Lord, I'm doing the best I can to make it in. . . .*

The weekly collection nets $27.97; the service ends with "Amazing Grace." But Robinson's work hasn't really begun. The next afternoon, at Edgewood's Building 601, in a ground floor apartment stuffed with books and tiny schoolhouse chairs, Robinson conducts another kind of liturgy—his daily study hall for whomever of the project's 500-odd children come. Today there are 18 kids inside, working on the traditional problems of childhood (long division, writing sentences), while outside the problems of contemporary childhood fester. Knots of young men loiter on the corner of the street, selling drugs. Within four blocks of the central Edgewood complex, there were four murders in 15 days this year. Other problems abound: 85 percent of the families in the area are headed by unmarried women.

But here in the study hall, for a few hours, Robinson struggles to structure lives that, at home in the apartments upstairs, tend toward disorder. One little girl first started coming to study hall when her mother showed up looking for food; Robinson roped the 6 year-old into his circle. Now, she follows the man she calls "Revrobson" around faithfully, writing sentences to be read and, more often than not, humming and scouting for the mini-doughnuts—white powdered and cinnamon—that

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Robinson keeps on hand. Today she writes the sentence, "The. sun. shines. on. me. I. like. the. sun." Robinson peers at the paper and grins as the girl clings to his leg. "This is very good, but we put periods after each sentence, not each word."

Robinson runs his Beacon House Community Ministry on a shoestring and pays himself a scant $12,000 a year. There are six people on staff, tutoring, coaching football, supervising the project's rec center, and no one else makes more than $10,000. Other Unitarian churches and private contributors help out. That's it as far as money goes.

For 15 year-old Bernard Belk, the church's appeal is pretty simple: "It's something to do besides being on the streets. When I'm in church, I don't have to look over my back all the time."

As dusk comes on this Monday, the study hall empties, and "Revrobson," at a time of day when most people are heading home, goes a couple of blocks away to a football practice field where 20 youngsters, wearing uniforms paid for by Beacon House, are getting ready to practice. A group of girls practice cheerleading off to the side. It could be, save for the violence that these kids know intimately, any neighborhood, anywhere. And that's precisely what Robinson's after: normalcy. He looks out across the playground, and his words pick up some of the drama of Sunday morning: "Organized activity—that's the thing," he says, waving a hand through the gathering gloom. "I'd build a huge rec center here. I'd have gyms. I'd have study halls. I'd have tennis courts inside, swimming pools, music rooms—24 hours a day, 365 days a year. It would never close. Never." Practice is beginning. The volunteer coaches, who are here at Robinson's urging, are blowing whistles. "If we weren't here, these kids wouldn't be here. And if all of us weren't here, the kids would be up in those apartments together, becoming mothers and fathers themselves."

For the moment at least, the kids are safe. But they will have to drift home eventually, through streets where people kill each other for drugs, for money, and for no reason at all.

Robinson stops a boy at practice. And as the minister adjusts the kid's helmet strap, he says: "I haven't seen you in study hall—where you been?" The boy mumbles. "What?" Robinson's kindly voice rises a little. "You can't tell me you ain't got no homework; no, sir, I know that's not right." The boy sheepishly nods. He then jogs on to the field, joining the team in the twilight.

First Rock Baptist Church, Southeast Washington

Churches with more people and more resources—not necessarily money, because the key ingredient here is time and attention, not spending—have much to learn from Robinson. And many are already poised to do precisely what he does so well.

Consider First Rock, a 500-member congregation at the foot of a hill in Southeast between a working class neighborhood and a housing project. Frequently, there are shootings just outside the sanctuary. But as the organ swells this Sunday morning, all of that seems far away. The hymn begins: *We're marching to Zion, Beautiful, beautiful Zion, Zion, The beautiful city of God. . .* Behind the pulpit stands the Reverend Richard Corbin, a man who understands order and the fact that order stems from the church. He is also a real life example of how the black middle class can respond to the problems of the inner city. Corbin grew up poor just across the street, went to services, played high school football, attended Virginia Union and the University of Virginia, and became an Army officer and a minister. He lives about 12 miles away in a Maryland suburb now, with five kids of his own, but comes back several times a week to carry on as an associate pastor.

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Corbin, now 42, knows the neighborhood. And he knows that the world he grew up in—the world of the fifties and early sixties—was a more stable time in the black community. "I made it because—and this is not just nostalgia—there was a sense of values, of right and wrong, that eroded sometime in the late sixties," he says. As he walks the streets outside the church one evening, he calls the names of boys clustered at the corners: "Where's Dion? Come on, where is he?" Out of the shadows, a teenager appears. "Hey, Mr. Corbin." Corbin's arm is soon around the kid, and the conversation becomes muted, private. A police helicopter chops its wings overhead, its spotlight a few blocks away—another commonplace here. But in the darkness, for a moment, there is a connection. "You've got to put your arm around these guys," Corbin says, moving back toward the church. "A lot of these kids don't have fathers around, and you never know what's going on at home. We're sometimes all they've got."

Also at First Rock on Sunday morning stands the Reverend Harry "Tyrone" Adams, a 39-year-old recovering drug addict, former narcotics salesman, and ex-convict whose last sentence (before a judicially ordered reduction) was 105 years for armed robbery. Adams grew up without a father, dropped out of the eighth grade, and underwent a classic prison conversion. He ditched church as a kid, but the First Rock pastor knew Adams' mother, and visited him during his stretches in jail. "Guys like myself have taken so much out of the community. We stopped at nothing to get a good time, and we considered alcohol, drugs, fancy clothes, and women a *real* good time. And a life of crime was how we got those things."

Adams knows he's still got a lot to prove. Unemployed except for his duties at the church—he takes home only the occasional love offering—he recently married a woman he has converted to his brand of evangelical Christianity. "I've been home for two years now," he says one weekday evening at First Rock, a well-thumbed Bible near at hand. "That doesn't seem like much, I know, but it's a whole lot to me. A whole lot. But I'm staying here in the ghetto, trying to show kids there's a better way than the one I took."

Adams thinks he knows how to do this, and his idea makes intuitive sense: stick around, stay in the mix of things, make church—or at least not hustling—an option for kids susceptible to the undertow of the streets.

The battle against that undertow begins and ends with young men like Bernard Belk, 15, and Clinton Smarr, 14. They have seen a lot more than most American kids: a friend shot so badly in the face that they had to close the casket at his funeral. Belk gets taken to church by Adams, an uncle by marriage; Smarr's grandparents and aunts bring him. For Belk, the church's appeal is pretty simple: "It's something to do besides being in the street. When I'm in church, I don't have to look over my back all the time."

Smarr nods. "That's right—outside, it's crazy." And the conversation rambles, about how a lot of kids hustle for the money and the fun, how going to the movies is—outside of church—about the only thing that's safe to do, about brothers and sisters and half-brothers and half-sisters and cousins. But the kids seem to sense something about the church, something that Tucker and Corbin and Robinson know in their bones: It may be a physical safe haven, but there is more to it than that. It is where you come to as a natural part of the order of things, where you meet your family, your friends, and raise your voices against the disorder of this world, anticipating the coming of the next.

"You know, I'll tell you something else about church," Belk offers. "The stories they tell you give you an idea of what it was like before the cities were all built—you know, positive stories." Like what? "Well, like that man Job. God took away his children and his sheep and his cattle to prove a point. God did all that, and Job wouldn't say anything bad about God or anything. The lesson was just because something bad happens, you don't have to go get even with somebody."

And so he thinks about what it was like before the cities were all built, a lesson he heard upstairs, in a church, from a preacher. A lesson he wouldn't have heard anyplace else. □

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Memo of the Month

UNITED STATES DEPARTMENT OF EDUCATION

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The Lasting Soviet Nuclear Menace

With 15 of the most dangerous and decrepit nuclear reactors on earth, the former Soviet Union poses a radioactive threat that could make you nostalgic for the Red Army

BY JONATHAN SCHORR

It must have been hard for President Clinton to keep a straight face. At the Tokyo G-7 economic summit this summer, a journalist asked Clinton what was going to happen to the aging Soviet-made nuclear reactors—the kind that blew up in 1986 at Chernobyl in the worst nuclear power accident in history. Blithely, Clinton repeated what Boris Yeltsin had told him: Russia had "virtually completed" the task of "trying to decommission" its first generation nuclear plants.

This is a ludicrous claim. "I don't quite know what he's talking about," says Ivan Selin, chairman of the U.S. Nuclear Regulatory Commission (NRC). "When I talk about the first generation, I'm talking about the earlier Chernobyl reactors, and those are still operating." None of the Chernobyl-type reactors—seen as the most dangerous—has been shut down since the fall of the Soviet Union, except for two in Chernobyl itself. Worse, the Russians are upgrading the earliest reactors, a sign that they will keep them running at least until 2010. So why would Clinton repeat the Russian fib? Strobe Talbott, the ambassador-at-large for the republics of the former Soviet Union, may be hinting at the reason when he says, "We consider it to be in our interest to do everything we can to see to it that reform survives and prevails in Russia and the other former Soviet republics."

Events in the past few months have underscored the importance of treating democracy in Russia gently. But at what cost does the United States sanction a whitewash of the ex-Soviet nuclear danger? The notion of nuclear warheads falling into the hands of a terrorist or dictator has been the stuff of wild western nightmares since the fall of the USSR. But at the same time, 15 Chernobyl-type reactors are still chugging along in the Commonwealth of Independent States (CIS) and in Eastern Europe. At best, they are a quiet reminder of the hundreds, perhaps thousands, who died in the infamous 1986 explosion, and of the estimated 300,000 people being treated for radiation-related diseases from that and other disasters. At worst, they are a warning that the risk of nuclear catastrophe may be even higher now than it was in 1986.

Jonathan Schorr is a reporter for the Alameda (California) Times-Star.

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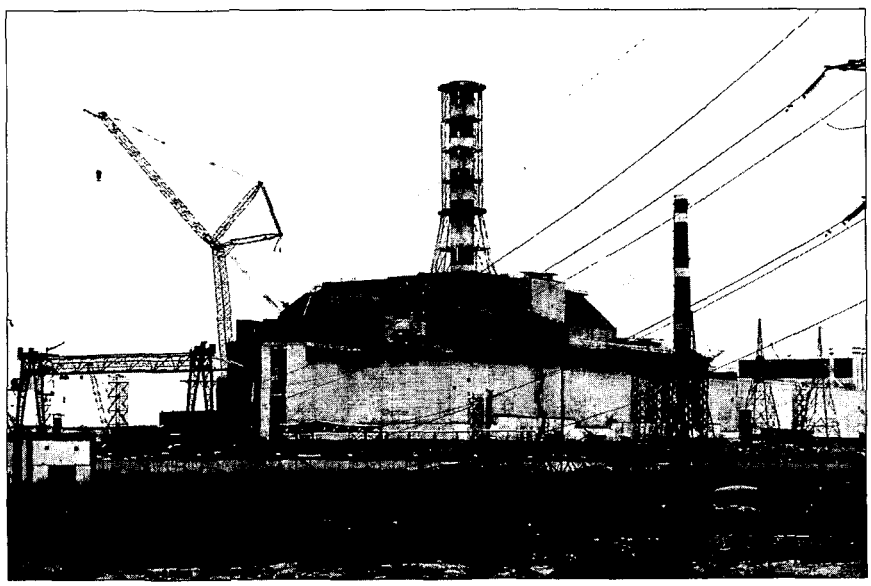
Of the 63 reactors in the CIS, 43 are so unsafe that Swedish Prime Minister Carl Bildt says, "if they were in the United States or Sweden, we'd close them down by yesterday." In October, the Ukranian government voted to keep Chernobyl itself up and running; in November, security at Chernobyl was so lax that thieves were able to break into the plant and steal $1 million worth of uranium-filled reactor rods. While the West has made a piecemeal effort to improve the design and operation of CIS and Eastern European reactors, Moscow has called home its resources, leaving some republics without the experts or even the blueprints necessary to run their plants. Nevertheless, Russia, strapped for cash and anxious to export energy, plans to build still another 23 new reactors in the next two decades. But the evidence is that the bureaucracy and lack of attention to safety that produced Chernobyl hasn't changed a bit since 1986—despite Clinton and Yeltsin's cheery claims to the contrary. Consider these examples of life inside the former Soviet nuclear culture:



A disaster in the making: One of Chernobyl's six reactors, under construction.

©James Lerager

➤ In April in Siberia, a tank exploded, poisoning the air over a 46-square-mile area. According to Valery Soyfer, a Russian biophysicist who studied the effects of the Chernobyl disaster, plant personnel initially ignored requirements to inform the central government, only complying when it was clear that the radiation would be detected anyway. He describes the incident as the "same scenario" as Chernobyl: The government severely underestimated the radiation released, then increased the estimate "several times."

➤ In July at the nuclear plant at Chelyabinsk—one of the most radioactive places on earth—a storage tank ruptured, leaking radioactive gas. While the Russian government claimed the leak was insignificant, plant workers told a different story, declaring that they could not guarantee nuclear safety. And the government's announcement—delayed until two days after the accident—ominously resembled traditional Soviet denials and delays.

As early as 1949, the plant at Chelyabinsk began spilling radioactive waste directly into a nearby river. In 1957, an explosion in a nuclear waste storage tank there released 300 times more radiation than the bomb at Hiroshima, poisoning an 8,900-square-mile area and irradiating more than 250,000 people. Ten years later, a drought left a lake used for waste dumping so radioactive that standing near it for an hour would be fatal. The plant is still running, and if there were another explosion there now, it could unleash 20 times as much radiation as Chernobyl.

➤ At Murmansk, decommissioned nuclear submarines float at port, persistently leaking radiation into the sea and the air; in 1989, one submarine sank in the Norwegian Sea, and another

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exploded near Vladivostok, spreading a cloud of radiation and killing 10 sailors. In September, Russia touched off a dispute with Japan when it dumped 900 tons of liquid radioactive waste into the Sea of Japan.

Waste dumping and scuttling marine reactors at sea are routine aspects of Soviet nuclear history, and most accidents have been successfully hushed up. In fact, one Russian scientist claims to have a map of dozens of nuclear accidents and radioactive waste disposals, which he is offering to sell to the West for $2 billion to establish a cleanup fund. He clearly knows the stakes of the problem that political leaders are glossing over. And remember that nuclear energy is disproportionately critical to the former Soviet Union. The average CIS citizen uses twice as much energy as the average Western European, and the productivity of electricity in the CIS is less than half that in Western Europe. Nuclear energy, however poorly produced, fills the gap.

From Russia, with Gloves

The danger of the plants begins with fundamental flaws in their planning. Like the *Titanic* but unlike U.S. plants (which have had their problems, too), former Soviet reactors were designed on the assumption that they would never have an accident. While U.S. reactors tend to shut themselves down if power rises too high, Soviet-designed plants keep heating up, possibly leading to a "China Syndrome" meltdown, the most dangerous nuclear scenario. Another major problem is in the area of redundancy. Where western plants have three to five redundant battery systems to provide power in an emergency, for instance, a Chernobyl-class reactor has only one. And where redundant systems do exist, they are often designed stupidly, with identical systems exposed to the same mishap.

Whatever safety equipment there is can handle only small problems. Take the VVER 440-230, the next generation reactor after the Chernobyl class. It has cooling equipment to compensate for the loss of only a small pipe; if a large one breaks, the reactor goes uncooled. Even more serious is the lack of a concrete shell around the reactor. Standard at U.S. plants, this was what prevented a radiation spill at Three Mile Island. But there is nothing like it in the early Soviet reactors. "Instead," NRC chairman Selin explains, "the power plant is protected from the elements by a steel framed building, covered with sheet metal and a tar-paper roof. It is designed to keep rain and snow out and keep heat in for the workers. It is not designed to be a protective barrier between the reactor core and the public."

The same carelessness pervades the culture of reactor operators. Tom Cochran, a senior scientist at the Natural Resources Defense Council, describes the control room of these reactors this way: "It's a far cry from the quality of the equipment you'd see in an American plant. The equipment is run down, dusty, dirty. There's used equipment lying around, paint lacking . . . The quality of the place looks entirely different." Lax housekeeping tends to mean lax operating standards. "Many of these plants are still without adequate operating procedures, and training programs are still lacking," says Laurin Dodd, manager of the reactor technology center at Battelle Pacific Northwest Laboratories, which has been aiding the ex-Soviets.

Particularly alarming is the situation in the former Soviet republics, which have been cut off from the Russian experts who designed, built, and ran the plants. "The Lithuanians have basically been in the situation where they're trying to both operate and regulate these plants, and they're doing this without access even to the design drawings," says Dodd. If this sounds nettlesome for everyday operations, it could be catastrophic in an emergency. In the Ukraine, which along with Lithuania owns the only two extra large Chernobyl-class reactors, uncertainty about the reactors' future has led to postponed maintenance and hedging about whether the operators will keep their jobs. "They've got the worst [situation]," says Dodd. "They've got a plant that wasn't up to western standards to start with, they no longer have the direct connection to Moscow in terms of the support from the design organization, and all the people operating the plant are in an ambiguous situation with regard to employment."

In fact, the operators themselves have become a serious safety concern. Under the Soviet system, they held a privileged position. "The engineers and managers had their own towns, their own stores, top access to just about everything," explains NRC's Selin. Today, things have changed drastically, especially in the republics.

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Eastern Europe has its share of nuclear powered woes, too. "Bulgaria has been plagued with an inability to retain its skilled plant operators, shift supervisors, and key management personnel. . . . There is a problem when a cab driver in a city earns more than a nuclear plant operator." High staff turnover, low pay, and generally less-than-pleasant conditions have taken a toll on plant operations.

So why is the troubled ex-Soviet nuclear industry being allowed to lumber on? For two reasons—one classically bureaucratic, the other classically economic. First, many bureaucrats' livelihoods are tied to the future of the nuclear industry—and the bureaucrats are the ones who call the shots. "The people who are making these fundamental decisions are not necessarily nuclear experts; they are apparatchiks," says Selin. "They run institutions, ministries. They have personal, professional, and in some cases financial interests." Nicholas Lenssen, a senior researcher at WorldWatch, agrees: "People who have built their careers in the nuclear industry aren't going to retreat and choose new professions if they don't have to."

A concrete shell around the reactor is what prevented a radiation spill at Three Mile Island. But there's nothing like that on Soviet reactors, which are covered with sheet metal and a tar paper roof. "It is designed to keep rain and snow out and keep heat in for the workers," says the Nuclear Regulatory Commission's Ivan Selin. "It is not designed to be a protective barrier between the reactor core and the public."

The other reason is decidedly practical. CIS nations have made it clear they intend to stick with nuclear power, and the West is hardly in a position to offer the estimated $24 billion it will take to make the reactors safe. "We have no substitutes" for power generation, Sergei Adamchik, of the Russian State Committee for the Supervision of Nuclear and Radiation Safety, told *Business Week*. The need for power is so desperate in Bulgaria, for example, that nuclear operators have foregone all but emergency maintenance. In Armenia, where a nuclear plant was shut down after an earthquake in 1989, people have cut down and burned telephone poles, books, and furniture for fuel; they also drained a vital lake for power.

Clearly, closing the first generation reactors is the first important step toward safety if the problem of a continuing energy supply can be solved. And there is a way to do that if the CIS takes just rudimentary steps toward conservation. As Jean Syrota, president of the COGEMA Nuclear Corporation of France, noted in *Le Monde*, it would be relatively easy for the CIS to cut its energy consumption by 30 percent; the Moscow Center for Energy Efficiency puts that number at 40 percent. "It would be technically and economically feasible to meet electricity demand while closing these higher risk plants by the mid-1990s," according to a report published in March by the World Bank and the International Atomic Energy Agency. And because the ministries for mining oil and gas are entirely separate in Russia, gas produced by an oil well is burned off rather than captured, and, as WorldWatch reports, gas pipelines leak so much that "inspection teams drop flares from aircraft and then watch for a flash." Dealing with such egregious waste would be far more efficient than building more nuclear plants. Here are some small ways to move in that direction:

- Installing boiler controls, thermostats, and meters would save nearly half the energy now used for indoor heating, according to the U.S. Office of Technology Assessment.

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- The efficiency of factories stands to be vastly improved through retrofitting and cogeneration, according to WorldWatch and Greenpeace.
- Electricity, the World Bank reports, is sold too cheaply in the former Soviet Union, so raising prices would provide an incentive to conserve. Similarly, the focus of formerly Soviet industry on gross output rather than profit does little to make conservation attractive.
- Fixing gas pipelines should pay for itself. (Russia was able to pay Western companies for repairing leaking pipelines by selling gas that otherwise would have leaked out.)
- The former Soviet Union could cost effectively rehabilitate and build new gas-fired power plants, according to the World Bank/IAEA report. These investments could be made with money raised from savings and sales of energy due to conservation.
- While nuclear plants may be cheap to operate, their catastrophes can be, well, catastrophic. The cost of the Chernobyl accident will total $358 billion, including lost electricity production, according to an estimate by the Research and Development Institute of Power Engineering in the former Soviet Union. By this estimate—totalling 15 percent of the 1987 Soviet GNP—that one disaster cost so much that the Soviet economy would have been better off if the USSR had never even heard of nuclear energy.

Like all quick fixes, however, these are superficial, even considering the hundreds of millions of dollars in expertise and training the West has already provided. Bureaucracy is one problem; western funds are not translating very rapidly into specific aid in Russia. Lectures from the U.S. on saving energy are apt to be lost amid the cold realities of a hard winter and the growing pains of converting to a free market economy. And well-reasoned though it may be, the World Bank's recommendation to switch to conventional energy is like advising a beggar to invest his dimes in a certificate of deposit. Without strong, honest leadership, as 15 plants like the one that exploded in Chernobyl keep their chain reactions going while Russia embarks on a 20-year nuclear building spree, it seems clear that this game of reactor roulette could continue well into the next century. □

While **David Gergen**'s skill in turning around **Bill Clinton**'s relationship with the press last June is greatly admired by his colleagues at the White House, his ego is not. One of Gergen's nicknames, by the way, is "The Cat in the Hat," based on his resemblance to one of **Dr. Seuss**'s characters. . . .

And it has recently been revealed that **Gergen**, in the year and a half before he joined the White House staff, made about $700,000 from speaking engagements. This, however, does not put him at the top of the paid pundit plutocracy. **Pat Buchanan** pulled in $900,000 the year before he ran for president. . . .

Speaking of administration nicknames, we hear that backbiters around Foggy Bottom have taken to calling U.N. Ambassador **Madeline Albright** "Madeline Halfbright.". . .

At least four cabinet members continue to have private dining rooms despite **Bill Clinton**'s order that his administration cut perks. They include, according to Gannett News Service, Attorney General **Janet Reno** with one steward, Secretary of Transportation **Frederico Peña** with three, Treasury Secretary **Lloyd Bentsen** with five, and **Les Aspin**, the secretary of Defense and perkmeister general, with 16. . . .

Hazel O'Leary, the secretary of Energy, went to Russia the day after **Boris Yeltsin**'s tanks attacked the Russian parliament. Was she carrying urgent messages from **Bill Clinton**? Not exactly. According to a State Department cable that was leaked to the columnist **John McCaslin**: "Perhaps the most exciting initiative among many discussed was DOE's proposal to set up a chain of gasoline service stations and convenience stores in one or more areas." It's nice to be on the cutting edge of history. . . .

The Washington Post recently published a list of White House salaries broken down by different offices, such as Presidential Personnel, National Security Council, National Economic Council, etc. By a wide margin, the longest list of names—in fact, it was more than twice as long as any other—was under Communications, headed by **Mark D. Gearan**. And the Communications list does not include such names as **Lisa Caputo,** who is **Hillary Clinton's** press secretary, or **David Gergen** and **George Stephanopolous**, who have devoted large hunks of their time to dealing with the media. Does this mark the triumph of spin over substance? . . .

Sidney Williams, the husband of **Maxine Waters**, the congresswoman from California, has been nominated to be

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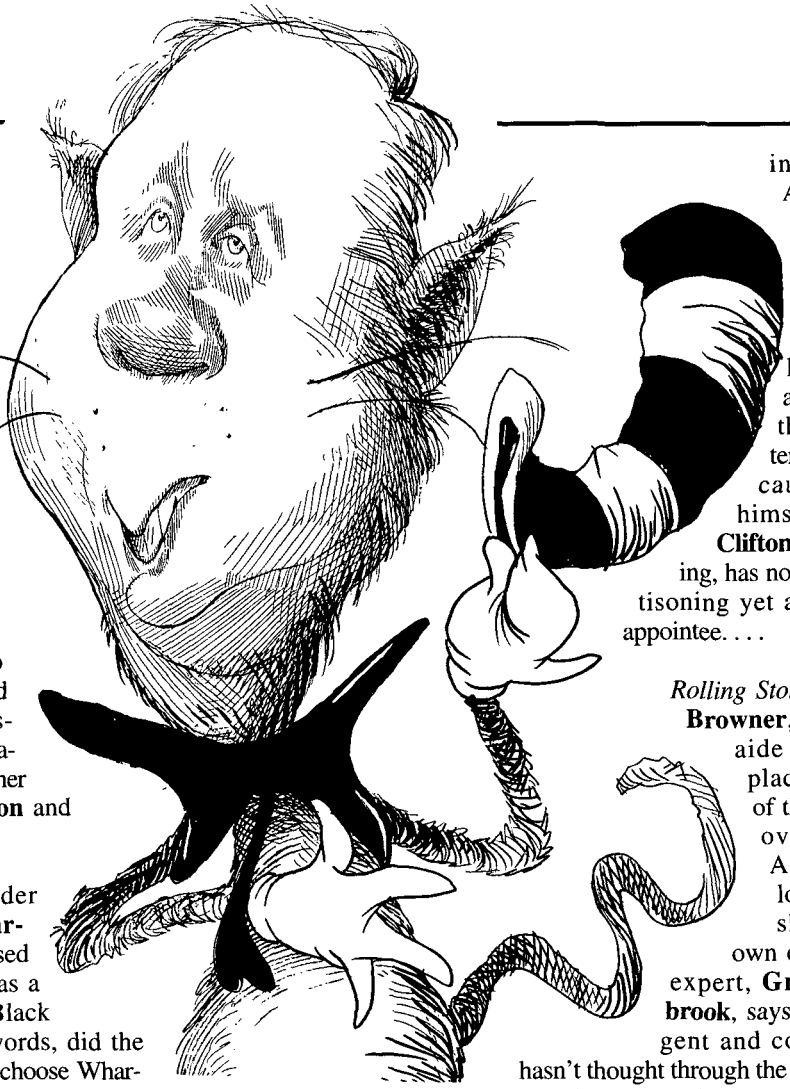
Who



ambassador to the Bahamas. Observers wonder how the couple is going to manage the commute between Los Angeles, Washington, and Nassau. . . .

Philip Lader, currently the deputy for management at OMB who is scheduled to replace **Bruce Lindsey** as White House Personnel Director, is the fellow who originally organized Hilton Head's Renaissance Weekends, now famous for bringing together people like **Bill Clinton** and **David Gergen**. . . .

Insiders wonder whether **Clifton Wharton**, the recently deposed Number 2 at State, was a victim of the Token Black Syndrome. In other words, did the **Clinton** administration choose Wharton on the basis of his color and his impressive resume and then judge him on his performance at a particular job for which he may not have been suited in the first place?. . .

Last December, **Ron Brown** was a co-purchaser of a house currently inhabited by **Lillian Madsen**, a Haitian who describes herself as "a very good friend" of Brown's. One of Brown's three meetings with **Nguyen Van Hao**, the president of the Vietnamese Development Corporation, is said to have taken place at Madsen's residence—meetings allegedly to discuss paying Brown $700,000 to help lift trade sanctions against Vietnam. Madsen also happens to be the sister-in-law of **Marc Ashton**, a former adviser to **Jean-Claude "Baby Doc" Duvalier**, the deposed Haitian dictator. Ashton, according to **Jerry Seper** of *The Washington Times* (to whom I am indebted for his item), reportedly introduced Brown to Hao. . . . .

Nevertheless, White House officials are said to doubt that federal prosecutors have enough evidence to indict **Brown**. And because Brown has no interest in leaving the cabinet on his own, he's likely to be around until the end of the term. Why? Because **Clinton** himself, after the **Clifton Wharton** firing, has no interest in jettisoning yet another black appointee. . . .

Rolling Stone says **Carol Browner**, the **Al Gore** aide who was placed in charge of the EPA, "is in over her head. And she is a long way from shore." Our own environmental expert, **Gregg Easterbrook**, says she is intelligent and competent but hasn't thought through the issues. The result is that she has failed to articulate a position on three key pieces of legislation soon up for reauthorization: the Clean Water Act, the Endangered Species Act, and the Resource Conservation and Recovery Act. . . .

Meanwhile, **Bill Clinton** continues to give conflicting signals to environmentalists. He has axed **F. Dale Robertson**, the Forest Service chief, who was said to be too friendly to the timber industry. But he has appointed two former mining industry lawyers, **Robert Uram** and **Kathrine L. Henry**, to the top jobs in the Office of Surface Mining. One environmentalist commented: "It's like Kmart hiring a bunch of shoplifters to guard their stores." . . .

Last month, four outstanding D.C. high school students were awarded a trip to the heavyweight championship fight in Las Vegas. The chaperone? Who else but **Marion Barry**. . . .

—*Susan Threadgill*

Roman Genn

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Road Kill

Most truckers work hours that exhaust them, endanger you, and break the law. Here's how the feds are planning to make the problem worse

BY PRESTON LERNER

"We're lawbreakers. We've got to be," Ron Vanderburg says defiantly as he stands by his raucously idling Peterbilt in the vast Union 76 truck stop in Ontario, California. After 41 years driving a big rig, he knows how the game works. "The [trucking company] dispatchers don't give a damn how you get there, how many laws you break, how many hours you run, how much dope you take, just as long as you get there when you're supposed to."

The statistics support Vandenburg's gloomy assessment. Odds are the 18-wheeler belching smoke in the next lane is speeding. The driver has probably driven as many as 100 hours in the past week, flagrantly violating federal safety regulations. There's a one-in-three chance that his truck couldn't pass a safety inspection. What's more, it's likely that the owner knows it. And, for that matter, so do the civil servants charged with enforcing truck safety.

Despite romantic associations with the lure of the open road and hearty self-reliance, truckers have gradually become wage slaves squeezed between a rock and a hard place—namely, the bosses who hire them and the bureaucrats who regulate them. Largely overworked and underpaid, they're also in increasingly short supply. With financial considerations chasing veteran (read safer) drivers off the road, one study suggests that the industry will need 500,000 new (read more dangerous) drivers every year through the end of the century.

And make no mistake: This isn't somebody else's problem. When a truck crashes, the one person most likely *not* to be killed is the guy behind the wheel. Medium and heavy-duty trucks—those with a gross vehicle weight of more than 10,000 pounds—were involved in 4,500 fatal accidents in 1991. Of the 5,200 people killed in these crashes, only 13.7 percent were riding in the truck. In other words, nearly nine out of every 10 victims in truck-related fatalities were in a car or on foot. Which is why the rest of us have a vested interest in making sure those big rigs are operated safely.

Among working truckers, at least, there's no question that our highways are more dangerous than they used to be, and they're getting more dan-

Preston Lerner is a Los Angeles-based journalist.

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Martha Gradisher

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gerous every day. And what is the Federal Highway Administration's Office of Motor Carrier Safety (OMCS)—the agency charged with overseeing and enforcing truck safety—doing about it? It's trying to slash the number of safety regulations on the books. The feds call this program "a zero-base review"; safety advocates call it cause for alarm. OMCS officials have proposed a new rule, for instance, that would extend the number of hours a trucker can drive—this despite the fact that many of them routinely (and illegally) work 80- and 100-hour weeks. On the other hand, the feds have refused to require trucking companies to install on-board recording devices to ensure compliance with these regulations.

Keep on Ducking

Predictably, the feds and the folks at the American Trucking Association—the industry's most influential voice—have a different take on the situation. To their I'm-Okay-You're-Okay way of thinking, the problem isn't too little regulation; it's too much regulation. They claim that truck-related fatalities are nose-diving, and they've got Department of Transportation numbers to prove it.

Or do they?

To begin with, let's factor single-unit trucks out of the equation. These are primarily delivery trucks used for short trips around town. When the focus is on combination units—big rigs, generally 18 wheels, with trailers pulled by truck tractors—we find that fatal wrecks dropped by 4.2 percent between 1980 and 1990 while the miles driven climbed by 40.5 percent. "It's a little curious to me that the accidents have remained fairly constant while the vehicle-miles have skyrocketed," says Kenneth Campbell, director of the Center for National Truck Statistics at the University of Michigan. Things get odder still: Vehicle-miles have jumped by 40.5 percent even though the number of big rigs has risen by only 13.4 percent. Smell a rat?

The apparent numbers paradox isn't hard to fathom. Department of Transportation (DOT) money is allocated to states largely on the basis of how many miles are driven in them. Nobody actually tracks these numbers; all state transportation officials can do is make an educated guess. Under the circumstances, with millions in tax dollars riding on these calculations, the temptation to estimate high—way high—must be irresistible.

Campbell's own study, based on interviews with truckers rather than estimates from self-serving state officials, suggests that vehicle miles have remained fairly steady over the past decade. In contrast to the feel-good DOT numbers, his figures paint a picture of a tractor-trailer landscape that's only marginally safer than it was 10 years ago. Moreover, much of whatever improvement has occurred can be attributed to wider use of seat belts and airbags by folks who aren't in trucks.

Like many owner-operators (or, in his case, former owner-operator), Barry Mundt blames the situation on the deregulation mandated when the Reagan administration took power. "Deregulation seemed to make sense, but it took all the profit out of the industry," says Mundt, now a trucking company executive in Kansas City. "The shippers were the ones who benefited. Instead of dealing with one trucker who wanted $1.80 a mile, they had 50 guys willing to work for $1.20 a mile. You had the quality of the drivers going down and companies putting less money into their trucks. Naturally, the number of accidents started going up."

Despite the problems associated with deregulation, OMCS is eager to provide more of the same. The brochure touting its zero-base review depicts a bulldozer barreling through a pile of paper labelled "Regs." And last year, the agency proposed a new rule that would increase the number of hours drivers could work. As it stands, truckers are already permitted to drive a hefty 60 hours (and work a total of 70) in an eight-day period. The new rule would allow them to drive 100 hours (and work up to 115) during the same stretch. The big trucking companies see expanded hours of service as a huge financial windfall. From their perspective, more driver hours means more revenue. But because most drivers are paid by the mile rather than by the hour, expenses wouldn't be affected. Viewed from the corporate vantage point, it's a win-win situation, revenue without expenses. No wonder the ATA is lobbying so fiercely in favor of passage. Drivers, on the other hand, realize that a new rule allowing them to log longer hours

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would all but compel them to do so. As one of them puts it: "You have to have some sort of regulation. Otherwise, the trucking companies, bless their hearts, will work the guys to death."

The irony is that most long-haul drivers already ignore the current hours-of-service standard. A recent study published in the *Journal of Public Health Policy* found that 73.3 percent of truckers interviewed flouted the hours of service regs. No wonder 19 percent of them admitted that they'd fallen asleep at the wheel at least once during the previous month. (Since the interviews were conducted at inspection stations, with state troopers nearby, it's reasonable to assume that these figures are conservative.) Truckers know it's dangerous to ignore speed limits and run when they're nodding off, and they don't necessarily like working monstrous hours. But they're in no position to do anything else. "There's no way you can run 55 mph and drive a 10-hour day," says Marvin Leischner, an owner-operator from Salem, Oregon, as he meticulously cleans his Kenworth rig. "No company would keep you on if that was all you were willing to do."

By law truckers have to keep a daily record of the hours they drive. But these logs are so routinely falsified that they're universally called "comic books." One trucker grumbles: "This whole logbook thing is a scam. It makes a liar out of you."

As it is now, there's not much money in the driving end of trucking. Highly experienced long-haul truckers and Teamsters can make more than $50,000 a year, but entry-level salaries usually start in the high $20s and rise as slowly as an overloaded Freightliner climbing the Rockies. Drivers generally don't see a penny for the time they spend loading and unloading, maintaining their trucks and other ancillary activities. The only way for most truckers to increase their earnings is to cover more miles, and that means driving longer and faster than the law allows. What's more, everybody realizes this, from the lowliest trucker up to the highest-ranking Federal Highway Administration official. By law, drivers are required to keep a daily record of their hours. But these logbooks are so routinely falsified that they're universally called "comic books." "This whole logbook thing is a scam," one disgusted trucker grumbles. Pointing to entry after entry of fictitious material, he says: "It makes a liar out of you."

It's not hard to identify doctored logbooks. The problem is finding the time and people to scrutinize them. At the federal level, there are only 500 inspectors—this in a nation with 3.6 million trucks and 6.3 million truckers. Despite $76 million in federal assistance last fiscal year alone, many state-run inspection programs are notoriously lax. In these areas, truckers who limit themselves to intrastate jobs get away with murder. Or get murdered. Even in California, home of perhaps the toughest enforcement in the country, a trucker was killed recently while making a 19-hour run purportedly forced upon him by his dispatcher.

Stories like this are not only tragic; they're unnecessary. We already have the technology to end logbook abuse. In fact, large fleets have been using on-board recorders for years to increase productivity. These devices, mandatory in much of Europe, automatically log when and how fast a vehicle moves.

Predictably, trucking industry execs pooh-pooh on-board recorders as too expensive and prone to tampering. Federal officials generally agree with this high-cost, low-benefit argument. Moreover, they suggest that the demands of competition will force the industry to police itself—a notion most truckers find as laughable as their logbook entries. The truth of the matter, drivers say, is that their bosses don't want to know what hours they're running.

As it happens, OMCS officials have tabled their proposed hours-of-service regulation, per-

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haps as a result of a letter-writing campaign orchestrated by the Teamsters, which bombarded the agency with 70,000 mostly critical letters. Unfortunately, non-union drivers usually can't afford to complain when they're given impossible delivery schedules or sent out in unsafe equipment. "So the driver turns the other cheek," says Marshall Siegel, president and CEO of the Independent Truck Owner-Operators Association. "The motor carrier can say, 'No, I didn't tell you to break the law.' No, he didn't. But he knew good and well what the driver had to do."

It's no wonder that there's a massive driver shortage. But the feds are doing their part to ease the deficit: They've proposed less stringent vision requirements and relaxing some medical prohibitions—those, for instance, that prevent seizure-prone epileptics from getting commercial driver's licenses. There's also been talk about lowering the minimum age requirement from 21 to 18 in some cases. Todd Spencer, vice president of the Owner-Operator Independent Drivers Association, wonders, "Are they scouring the country for the best drivers, or are they just looking for cheap labor?"

Meanwhile, the National Highway Traffic Safety Administration is just now getting around to requiring truck manufacturers to put self-adjusting brakes on their new vehicles. Never mind that this technology has been standard equipment in automobiles for decades, and that losing brakes on downhill grades is the truckers' perennial nightmare. As for anti-lock braking systems, required since 1991 on new trucks in the European Economic Community and Japan, the feds are still studying them. Action, if any, is at least a year away.

At the moment, several pivotal posts within the Federal Highway Administration remain vacant. It's possible that President Clinton's appointees will bring renewed regulatory vigor to their jobs. But if they don't, OMCS's zero-base review seems destined to produce rules that are even worse than the ones they replace. The agency will continue to appear far more sensitive to the interests of the industry it's supposed to regulate than the public it's supposed to serve. □

The Washington Monthly

JOURNALISM AWARD

FOR SEPTEMBER 1993 IS PRESENTED TO

Pete Hamill

New York

"New Yorkers," Hamill writes, "don't want to hear about the homeless anymore." He may be right, but Hamill powerfully recounts the basic truth about the problem: Homelessness is less a result of a lack of housing than an unfortunate concentration of the mentally ill and drug addicted on the street. And Hamill advances the decade-old debate by pointing out that the homeless are disproportionately sick with contagious diseases, especially AIDS and tuberculosis. Once we begin to see this as a public health problem, Hamill argues, we can justify a tough but alluring solution: turn closed military bases into quarantined barracks for a year-long homeless rehabilitation project. Those with an institutional history would be sent back to institutions; drug and alcohol addicts would be detoxed; job training, physical rehabilitation, and a boot camp atmosphere would impose order on disordered lives. Not a perfect plan, Hamill admits, but a start: "The homeless would be off the streets; that alone would give some hope to the disheartened middle class by showing that the government is capable of doing something."

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Nominations for stories published or aired in December will close January 15. The winner will be announced in the April issue.

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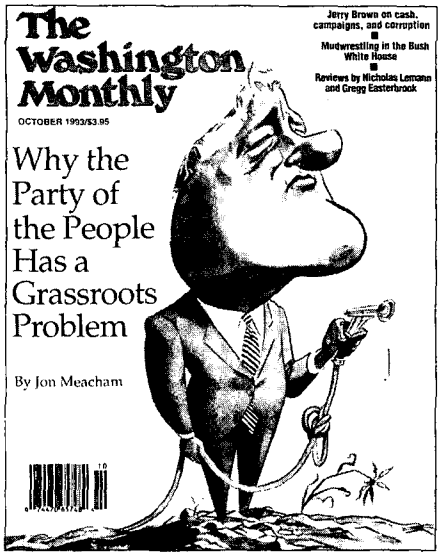

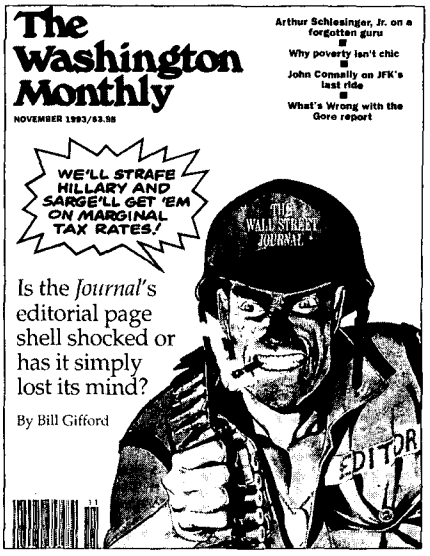

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Crash Cow

Two ideas that would fix America's spectacularly wasteful, hopelessly litigious system of compensating auto accident victims

BY DAVID SEGAL

Imagine this scene: Before leaving for a weekend with the family, a guy from the suburbs—call him Bob—turns on his crockpot to slow cook a brisket. The machine overheats, starts a fire and burns up half of his split-level, two-bath/three-bedroom home. A day later a contractor sifts through the rubble and announces that *chez* Bob's original splendor can be restored for $100,000. No problem. Bob's got insurance. But the agent who last year, all winks and handshakes, sold Bob the policy, soon announces that the insurance company will be writing a check for $45,000, about enough to replace the living room, the linoleum, and the salad shooter. Adding insult to under-reimbursement, the check isn't mailed for six months.

Isn't Bob a sap? Before deciding, consider this: *You* are Bob. That is, if you are among the roughly 150 million Americans who drive a car and buy auto insurance, odds are that in the event of disaster, you'd get the Bob treatment. A 1991 Rand study which looked nationwide at auto insurance compensation found that people sustaining $100,000 in economic damage—like property damage, lost wages, and medical costs—can expect to receive about $45,000 in compensation. And it'll be a while before you see even that much.

It's just one of the gut-tightening realities of the American auto insurance system. Besieged by lawyers and clotted with the insurance industry's administrative costs, the premiums you pay are disbursed to everyone, it seems, but the folks who need it most. According to a national study sponsored by the California Insurance Commissioner's office, only 45 cents of the average insurance dollar goes to car repairs and hospital bills. More than a quarter of those in accidents don't recoup their medical costs from their insurers, and the heftier those bills are, the more of the tab you have to pick up yourself.

What's gone wrong? Consider a typical accident. Driver X, waiting in traffic to take a left, collides with Driver Y. Exchanging phone numbers over a steaming radiator, X thinks that Y should have seen him making the turn, and is

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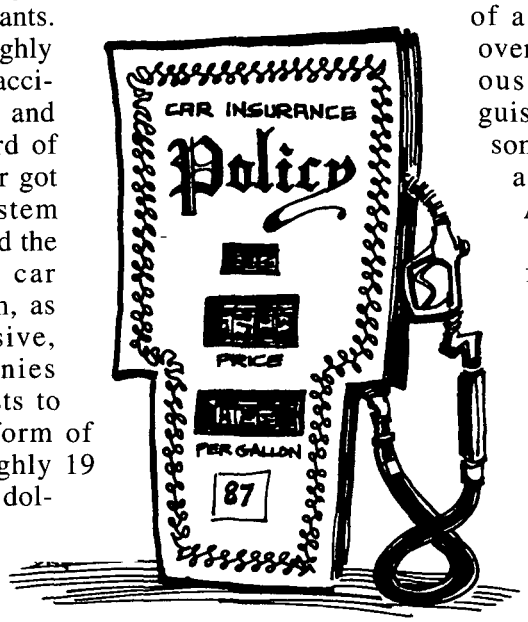
certain that Y was speeding. Y, for his part, was stunned by X's left and believes X should be stretched on a rack. The truth, as with many accidents, is somewhere in the middle, but to get money for damages, X and Y will need to prove in court that the other guy is entirely at fault. Both men hire lawyers and a brawl as American as slapstick begins.

It'll be an expensive fight, and not just for the litigants. In 1992, there were roughly four million two-party accidents involving injuries and in a little over one third of those incidents, a lawyer got a job. Naturally, a system that relies on lawyers and the courts to settle car claims—the tort system, as it's known—is expensive, and insurance companies simply pass on the costs to everyone else in the form of higher premiums. Roughly 19 cents of your premium dollar covers legal fees.



These fights are not simply over actual out-of-pocket expenses, like car repairs and the price of whiplash, but for the mental trauma of the ordeal and the injury. Pain and suffering awards are usually a multiple of medical bills, which means they create a built-in incentive to perpetrate fraud—i.e. fake it with one of those nothing's-broken-but-trust-me-it-hurts soft tissue injuries—or find the most expensive treatment possible. A Los Angeles County study of health care visits for neck and back strain injuries found that in those instances where a tort claim was involved, a doctor or chiropractor was seen 26 times at an average cost of $4,000 per claim. Nationwide, when the same injuries are involved but there's no lawsuit in the offing, the average number of visits is between two and three. Similarly, a study of Hawaii's auto tort cases found that claimants averaged 58 visits to the chiropractor, with one quarter of those injured visiting at least 84 times each.

We've created a system that gives people involved in accidents a good financial incentive to get a lawyer, seek therapy, and go for the gold. What we end up with is a lot of Bob-types who don't get sufficient money to cover large, concrete losses, and scores of aspiring litigants who are overcompensated for less serious injuries and mental anguish—some of which is real, some of which is mild at best and fraudulent at worst. About 9 cents out of each insurance dollar you mail in is for somebody else's pain and suffering.

The kicker is that the present system would gouge consumers *even if nobody got in accidents*. That's because insurance companies spend millions on advertising to get you in the door, and even more on the salaries and offices of retail agents who gladhand you to the dotted line. Add to that the price of paperwork and postage for handling millions of car insurance policies individually, and you get some idea why 23 cents of your premium dollar is consumed by insurance company overhead. Considering that you just want these folks to cash your checks and pay something back when you get in a wreck, they aren't cheap.

Present arrangements have a short list of clear winners: the lawyers, (who usually get one third of the victim's winnings), the lucky (those hit by someone rich or well insured *and* clearly at fault), and the insurance companies (who make money regardless). The list of losers runs a bit longer. It's everybody else. Drivers pay too much for policies that won't

Bill Holbrook

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adequately reimburse them if they really got hurt, and the millions who can't afford to abide by the law opt out of the system entirely. Nobody knows exactly how many uninsured motorists there are, but the Insurance Information Institute estimates that 17 million are on the road today. Californians alone spend $1 billion each year to insure themselves against accidents with uninsured drivers.

All of which makes successful reform easy to imagine. It would drag lawyers from the trough, reduce insurance overhead, direct money to those with real losses, and make coverage more affordable. Fortunately, two ideas with just those ambitions exist: One is a variation of a system that is already working in Australia which, with tinkering, could work here. The other, Pay-at-the-Pump No-Fault Insurance (PPN for short), is now being pushed by a guerilla band of consumer advocates in California. Each reform has its respective advantages; either would vastly outperform the system we have now.

Kangaroo Coverage

Australia's six states have a variety of insurance schemes, but the basic outlines of the system in the state of Queensland are what could be transplanted here. Instead of purchasing policies through agents, drivers pay for insurance when they renew their registration each year. The government—specifically, the Motor Accidents Authority (MAA)—then sends these funds to the drivers' private insurer of choice.

Here's where the tinkering comes in. Premium prices in Queensland vary by place—i.e. cheaper in the country, more expensive in the city—but within different areas, costs are mandated by the government to be the same for young and old, good driver and bad. This one-price-fits-all approach is a problem: it prevents insurance companies from competing for business (and keeping down prices) and it means good drivers are subsidizing bad drivers. Also, by letting consumers pick their carriers, overhead costs like sales agents and advertising aren't eliminated. The trick is to let the system account for riskier drivers in a way that prevents insurers from pricing themselves so high that the uninsured can't afford coverage. At the same time, you've got to keep unnecessary costs out of the equation.

There's a solution to both problems. The insurance commissioner in each state could divide motorists into five to 10 thousand-person pools that have the same mix of good and bad drivers. Insurance companies would then compete to cover these pools. The commissioner would take bids and parcel out business based on price, coverage, and past performance. Meanwhile, a driver's risk profile could be accounted for in this way: The same computer that now spits out a cost for your annual registration fee based on the model and year of your car could take into account factors—like past accidents, age, locale—that make you a greater risk. Thus, an insurer's prices would be more affordable (because of diminished overhead), but there would still be a correlation between the risk companies took on and the funds they receive from the state. Also, consumers who are safer pay less instead of subsidizing riskier drivers.

PPN is a variation on the same theme. Instead of paying at registration, drivers would buy insurance every time they filled up with gas through a per-gallon surcharge at the pump. The money collected at the pumps would then go directly to the state insurance commissioner (much the way the government now collects gas taxes) and then be farmed out to insurers under the same driver pool system.

An essential component for either system is this: Coverage would be no-fault, which means that the entire question of who is to blame for a given accident would be moot. If you got in a wreck and damaged your car, you'd get money from *your* insurance company to fix it. If you racked up a huge medical bill, *your* company would pay that, too. Gone is the need to sue anybody. Gone also would be awards for pain and suffering and along with them the incentive to defraud insurance companies. Instead, what you'd get is full and fast reimbursement for your losses, all medical costs, and lost wages.

Thus, no more insurance agents and no more lawyers.

In either system, the major winners would be consumers. Remember, by eliminating legal costs, insurance overhead, and those mental an-

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guish outlays, you've taken back what now consumes roughly half of each premium dollar. Yes, your state insurance commissioner will have to hire more people, but keep in mind that the infrastructure for either idea is already in place. The government is already taking in registration fees from drivers and collecting gas taxes at the pump.

Nobody has studied how much the Australian system would cost American drivers, but Andrew Tobias, a *Time* financial columnist and PPN's leading proponent, contends that a no-lawyer, no-salesman system would reduce costs enough to offer people better coverage at a lower price. He's probably right.

The rosiest estimate of the gas surcharge is 15 cents a gallon. Oil companies have suggested sums as frightening as 40 cents a gallon. Let's use their number. Now, the average driver in California gets 20 miles to the gallon and covers 12,000 miles a year; that's 600 gallons consumed annually. At 40 insurance cents per gallon, the average driver would pay $240 a year for coverage. Obviously, if you drive more or own OPEC-friendly vehicles, you'll pay more. But guess how much we pay for insurance per gallon now? Take the total we spend on auto insurance in a year ($102 billion, according to Best's Insurance Management Reports), divide it by the number of gallons we consume (112 billion, according to the American Petroleum Institute), and you realize we're already paying about 90 insurance cents per gallon. Factor all of those uninsured drivers out of the equation—they buy gas but not insurance—and lo and behold, we're already spending about one insurance dollar per gallon. That's for a system which pays forty-five grand on $100,000 of damages.

Present arrangements have a short list of clear winners: the lawyers, (who usually get one-third of the victim's winnings), the lucky (those hit by someone rich or well insured *and* clearly at fault), and the insurance companies (who make money regardless). The list of losers runs a bit longer. It's everybody else.

The Aussie system's advantage is that it allows you to charge riskier drivers more. This approach also ducks the arguments traditionally leveled at gas surcharges: They're regressive and could hurt the economy if the price of gas spikes again. It's also less likely to rouse the lobbying dollars of Big Oil, significant because the plan doesn't lack for natural enemies already.

PPN's advantage is that it connects the price of insurance to use: The more you drive, the more you pay. This is not just a good idea for obvious environmental and balance of trade reasons, but it's also fair because people who drive more are more likely to get in accidents. Currently, the daily commuter pays about the same as that enduring used-car-lot stock character, the little old lady who only drives on Sundays. Because PPN allows people to buy insurance in one and two dollar increments, it's also a bit more merciful to the poor. (On the other hand, insurance-registration fees could be paid in more manageable installments.) PPN also instantly solves the uninsured motorist problem. There's no need to have cops ticketing those uninsured millions with dated registration stickers—if you want gas, you've bought insurance.

That's the quick pitch. Any questions?

NO-FAULT?! What kind of sick idea are you pushing, mister? If you ruin someone's life in a car wreck you oughta pay through the face.

True. Robert Lembo, a spokesman for the American Trial Lawyers' Association, is right when he says that "The fault issue is intellectually important. Those who do wrong should pay for that wrong." But those who do wrong now don't pay; their insurance company does. Sure, companies can hike bad drivers' rates,

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but most of the cost of those pain and suffering settlements gets spread around to everyone else. Should *you* pay for Joe Blobs' negligence? Anyway, using a civil suit to punish bad driving could scarcely be more unwieldy and wasteful. Why not really punish and discourage bad driving by stiffening criminal penalties with fines or jail sentences—the sort of punishments attorneys wouldn't want a third of. The trial lawyers have spent years and millions of dollars tarring no fault as amoral. But it doesn't do away with accountability so much as move that issue to a more efficient arena—the justice system.

But when people get really banged up isn't it right to pay them for their pain and suffering?

Sort of. Giving large sums to victims of negligent driving is an appealing idea. But right now large settlements are awarded unfairly because to get one, the offending driver has to fit a very specific profile (clearly at fault and well-insured or rich). What about victims of uninsured motorists? What about when a driver is only covered up to $30,000 and the victim has $100,000 in medical bills? What if liability is shared? What if you hurt yourself hitting a tree? Under today's system, if you incur a few hundred thousand in medical bills and the right—and rare—circumstances aren't there, you're screwed. Which means that a multitude of under-reimbursed drivers are subsidizing the few winners in the pain and suffering lottery. If you like the idea of pain and suffering payments, here's another way to think about it: No-fault rules are unfair, but they're justice itself compared to the inequities of the tort system.

Is no-fault coverage an improvement?

Several states have no-fault auto insurance systems, but they aren't real no-fault. The trial lawyers' lobbying muscle has consistently convinced state legislatures to allow people to sue if some threshold of injury or financial damage is reached. In other words, you can't sue for pain and suffering unless your medical bills are larger than a given sum. But even watered down no-fault systems outperform those that rely solely on lawyers and torts. Michigan, for instance, switched to a no-fault system in 1973 and saw the amount it paid to lawyers dwindle from 32 percent of premium dollars to four percent, and the amount it paid to claimants rose from 48 percent of premium dollars to 73 percent. In New York, after no-fault rules took effect, auto-injury court filings plummeted by 80 percent as premium prices shrank by 6 percent. The recent Rand study corroborated these numbers, finding that those states with the best no-fault systems do vastly better at providing fairer, faster compensation, especially at the high end of losses. The states studied were nearly twice as likely to fully reimburse drivers with economic losses and were also far more efficient. "The bottom line," concludes Rand, "is that no-fault approaches to compensation can yield substantial savings over the traditional system." True no-fault systems would improve performance specs even more.

Wouldn't these systems eliminate consumer choice?

Yes, which is one reason that the insurance companies would oppose them both. "Not everybody wants to buy from the lowest bidder," says Marc Rosenberg of the Insurance Information Institute, the industry's trade association. Well I, for one, *would* like to buy from the lowest bidder. To justify their front line agents, insurance companies like to think we want a warm, personal relationship with their salesmen. Actually, we just want to know that our carrier will deliver when we have an accident and that it isn't ripping us off. Who shops for car insurance with anything else in mind?

The key is making sure that insurance companies are delivering good service. With either system a simple measure could make carriers *more* responsive than they are now: Insurance commissioners could tally complaints and penalize companies that aren't performing. Today when you gripe to your insurer, you can only threaten to take your money elsewhere. But if you were part of a large pool of drivers and found your carrier's service wanting, your complaint, added to others, could jeopardize not just your business but that of a few thousand policy holders.

If drivers insisted on being able to choose their carriers, they could be accommodated. The plan now being pushed in California keeps

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consumer choice intact by issuing coupons which drivers can redeem with their preferred carrier. The same approach could be used with the Australian system. Of course, that means agents are back in the picture and costs go up.

Won't the gas surcharge wreak economic havoc?

No. In fact, one of the strongest arguments for both systems is that they'll be a boon to the economy because they would leave billions in consumers' pockets. The oil spikes of the seventies caused problems because people were spending more money at the pump without anything to offset the expenditure. With PPN, yes, you'll pay more when you fill up, but your costs over a year will go way down. (Remember, right now you spend a dollar per gallon for insurance in large, semi-annual payments.) As a country, we spend over $100 billion a year for car insurance. Carving away unnecessary labor and overhead costs and eliminating the incentive for fraud could save us upwards of $30 billion every year. That's $30 billion more for everyone to spend on a more efficient part of the economy. Maybe you'd choose to spend your windfall on insurance agents and lawyers. But probably not.

Most trucking lines will spend less on insurance with PPN. Some of the huge rigs would end up spending more because they get such lousy mileage. But most trucks that size use diesel, which could be exempt from the gas surcharge, and truck companies could pay the insurance commissioner a fixed sum based on use. (If that prompted car manufacturers to build diesel cars, we could set up a rebate system for large-fleet trucking lines.) Everyone else is going to spend less for insurance, and truckers shouldn't be an exception, especially because they'd just pass on any added costs to everyone else.

Under PPN, big, safe cars pay more for insurance than small, less safe cars. Why should there be a disincentive to drive a safe car?

Under PPN, gas guzzlers, which tend to be large, safer cars, *would* pay more for insurance. But not that much more. The Cadillac Fleetwood, for instance, gets 17 miles to the gallon. Using California's averages, a Fleetwood would spend $42 a year more on insurance than the average car—probably not enough to put off anyone undaunted by the Fleetwood's $37,000 sticker price.

Still, PPN does not preclude cost adjustments *à la* Australia. Not only could high risk drivers get charges added on at registration, but, if people demanded it, there's the option of giving safer cars a price break.

Doesn't getting the government involved in all this sound a bit BOLSHEVIK?

These ideas make as much sense as group health care. In fact, you can think of either plan as a sort of managed competition for your car. Managed competition, whatever its merits turn out to be, is an approach now touted as a private sector solution to produce universal health care and free market costs controls. Insurance companies, not the government, would be your insurer.

High-Octane Coverage

Nobody has tried the pay-at-registration idea in this country, but even insurance executives down under say the basic principle works. "Queensland's motorists are generally quite happy," says Graeme Adams, a senior manager at the National Roads and Motor Association Insurance, one of Australia's private insurers. But because the plan does not account for risk, insurers hate it; where it has been tried elsewhere in the country the industry has fought to change the system back to pay-the-insurer.

Those lobbying efforts would undoubtedly seem genteel compared to what would happen in this country if either of these reforms were attempted. Just look at the response to the nascent push for PPN in California. The idea's February debut in the state legislature looked like a rub-out scene from a Mafia flick. The state's Senate judiciary committee, with some fervent nudging by the insurers and trial lawyers, whacked a PPN bill moments after its birth. "The campaigning began the day we introduced the legislation," says Alan Gordon, an aide to California state Senator Art Torres, who sponsored the legislation. "It was an ugly death." A coalition of consumer advocates spearheaded by the Coalition for Common

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Sense Auto Insurance, a group funded by Andrew Tobias, is now working to pass PPN as a ballot initiative come November '94. (Tobias, who apparently has taken advice from his own best-selling personal finance books, is spending his own money to reform a system he has railed against for years.)

On the other end of this power see saw are two of the heaviest, deepest pocketed lobbying armies ever to encircle a state capital. Last year, the trial lawyers' California PAC gave $716,722 to state legislators and the insurance industries' gave $604,980 (making them the fifth and seventh most generous, respectively). Insurance companies have pled for no-fault reform for years, and most carriers, after shedding local agents, could expect to do well under either system. But even with the consumer choice variant in play, the industry is dead-set against receiving premiums via the government. The trial lawyers' opposition to PPN is easier to understand; real no-fault reform would send many of them looking for different jobs.

Both industries are so panicked about PPN that in California they have done the unthinkable and pooled their resources. They're part of the delightfully named Californians to Save Our Economy, a group rallied by the state Chamber of Commerce, which has already retained the services of one of California's most accomplished ballot brawlers, Woodward and McDowell. A public relations campaign costing upwards of $100 million is anticipated. "The initiative, whatever they come up with, will be very vulnerable," says firm partner Jack McDowell.

In addition, PPN supporters don't exactly have a lot of friends in high places. Governor Pete Wilson and the other likely candidates in next year's governor's race—with the notable exception of insurance commissioner John Garamendi—are expected to keep mum on the issue or join the other side. And Ralph Nader isn't going to help because he is against any restrictions on the right of access to the courts and thus a long-time opponent of no-fault rules. The consumer laureate apparently arrived at this quasi-religious tenet in the crucible of corporate product liability cases. He's right that the court is a vital leveler when imbalances of power exist between two parties; how else is Regular Guy going to win satisfaction from General Motors? But with auto accidents, unless you rear-end H. Ross Perot, it's hard to imagine power differences so large that a judge is needed. Most fender benders are just driver versus driver. And neither PPN nor Aussie-style would affect access to courts if you were injured as a result of a manufacturer's negligence.

This is the array of forces that either Aussie-style or PPN can be expected to face wherever tried. Against such odds, these reforms may sound a little like peace on earth—good idea, tough to make work. Nonetheless, in the last David vs. Goliath insurance fight, the David side—albeit *with* Ralph Nader—won. In 1988 in California, roughly the same battle lines were drawn over Proposition 103, the heart of which was a 20 percent rollback of insurance rates. Some of the initiative's elements have become law, others are stuck in court, and for the most part, little changed for drivers. The heartening news for PPN's advocates, however, is that the little guys prevailed in spite of spending $3 million to their opponents' $77 million.

The same populist themes used in the Prop 103 fight will be reprised. "I can see the ad now," says Robert Hunter, the Texas insurance commissioner. "'The trial lawyers and the insurance companies hate it. How bad can it be?'" As Mike Johnson, director of the Coalition for Common Sense Auto Insurance, put it, "You couldn't ask for better enemies."

Car insurance reform will always have good enemies. But from reform's foes you can expect anti-tax buttons to be pushed, creeping statism to be decried, warnings of an economic downturn, everything shy of geological predictions about The Big One. A simple message will have to emerge over this din: The system we now have is atrocious at providing drivers with a real safety net, the reason we buy car insurance in the first place. And now our premium dollars run through so many unnecessary hands that real overhaul could route money to where it's needed *and* allow us all to keep more dollars in our own pockets. Drivers should know that it is precisely these facts that will stir the opponents of reform to scream so loudly. □

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Tidbits & Outrages

TAKE ME OUT TO THE LAWSUIT

Before a Boston Red Sox game last fall, a 10-year-old in the stands was struck in the head by a ball thrown by one of the players during warm-ups. As the mother rushed to her son's side, she was first shoved aside by a fan trying to grab the loose ball as a souvenir, and then another man identified himself as a lawyer and gave her his business card, saying, "Call me, I saw everything."

CONTINUING OUR SERIES OF DINNERS HONORING CORPORATE LAWYERS BEST KNOWN FOR THE LAWS THEY HAVE BROKEN AND THE OFFICES THEY HAVEN'T HELD. . .

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ZOË BAIRD

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☐ I/We would be pleased to participate in the dinner honoring Zoë Baird.

☐ Please reserve _____ table(s) at $5,000 per table.

☐ Please reserve _____ seat(s) at $500 per person.

Enclosed is my/our check in the amount of $ _____.

☐ I/We are unable to attend but would like to contribute $_____ _____ in honor of Zoë Baird.

Name: _____ Phone: _____

Address: _____

City/State: _____ Zip: _____

Please make checks payable to the American Jewish Congress and list guests on the reverse side. We estimate that 85% of the dinner cost is tax deductible.

IT'S CALLED "WHAT NOT TO DO"

Donald Kennedy, who last year resigned his post as president of Stanford University after a federal investigation into campus accounting practices revealed that Stanford had spent government research grants on such items as flowers, liquor, and a 72-foot yacht, is now back at the school teaching a course for graduate students on professional responsibility and academic duty.

U.S. ANNOUNCES NEW INTERNATIONAL GOAL: FREE FIRST CLASS TRAVEL FOR MICKEY KANTOR

In a *New York Times* front-page story titled "Trade Office Called Too Tiny to Achieve International Goals," one of the first examples offered of limitations hampering the office of the United States Trade Representative was that "when the Trade Representative, Mickey Kantor, flew to Brussels in March, he slept in coach class because of the limited money for travel."

"SURE, WE GOT OUR HEAD HANDED TO US BY MICROSOFT, BUT OUR ONE-LINERS MAKE BILL GATES' LOOK PATHETIC"

A recent book about IBM, *Big Blues* by Paul Carroll, reveals that the company maintains an "official joke data base" to be used for executives' speeches.

—Scott Shuger

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The Federal Reserve System is the most powerful financial institution in the country. But its decisions are made in secret, and the Fed resists sharing the record of its deliberations with the government's other major economic players: the president and Congress. Rep. Henry Gonzalez, the Texas Democrat, is proposing reforms to ensure that all senior Fed officials are presidentially appointed and congressionally approved—some Fed officers are now chosen by bankers—and that records of Fed decision-making be made public. These are reforms without friends in high places: President Clinton concurs with the conventional wisdom, saying there "is a general feeling that the system is functioning well and does not need an overhaul just now." In the following pages, the *Monthly* explains why Clinton is wrong.

Why Alan Greenspan Should Show You His Hand

The public has a right to know what the Fed has up its sleeve

BY WILLIAM GREIDER

The Federal Reserve and its conduct of monetary policy involve daunting complexities, but the most important thing to understand is really quite simple: The Federal Reserve is a political institution.

That is not how the Fed is generally perceived or depicted. By tradition and design, the conventional wisdom describes our central bank as a kind of cloistered sanctuary where disinterested experts make authoritative calculations about the future of the economy. The Fed's governors are said to be "above" politics—protected from the messy claims of special interests that surround Congress and the president. The extraordinary secrecy surrounding the Fed's decision-making supposedly insures that crass political motives will not intrude on its difficult deliberations.

The veil of secrecy certainly does enhance the mystique surrounding the Fed—and the general ignorance about it. Otherwise confident and intelligent people, including members of Congress, defer to the Fed's wisdom mainly because they do not understand it. They are understandably intimidated by its mystery and power.

What I found behind the veil, in the years of research that produced my 1987 book on the Fed, *Secrets of the Temple*, is an agency of mortal men and women—smart, dedicated, and exceptionally well-educated people who are empowered to decide some of the largest

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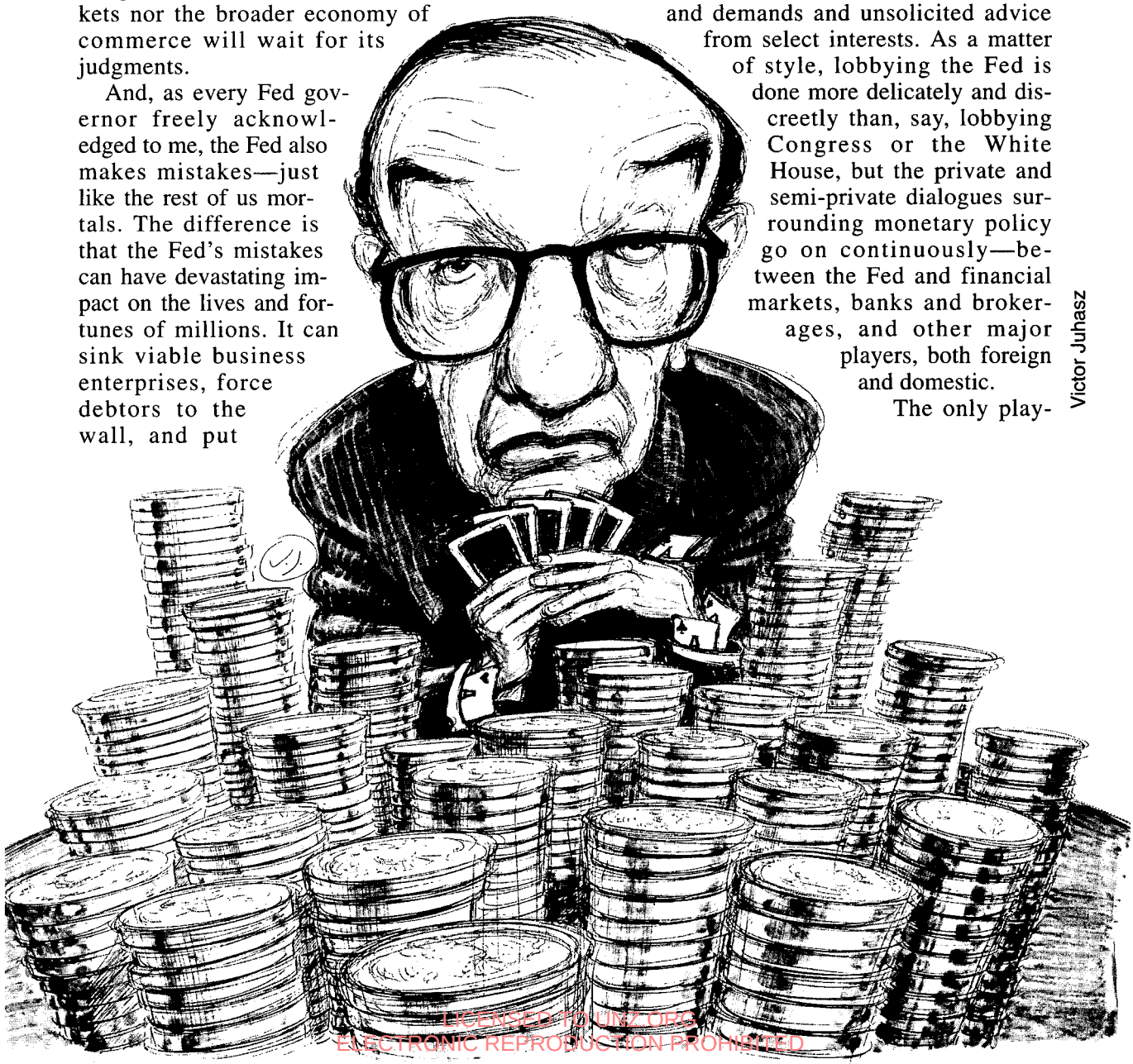
questions of how the federal government manages the economy. In my many interviews, the one theme that Fed governors, Federal Reserve Bank presidents, and other senior officials repeatedly emphasized was their own fallibility. Monetary policy is filled with large uncertainties, squishy facts, and unpleasant trade-offs between competing goals. The Fed deliberates at length, but it must also decide things on the run, since neither financial markets nor the broader economy of commerce will wait for its judgments.

And, as every Fed governor freely acknowledged to me, the Fed also makes mistakes—just like the rest of us mortals. The difference is that the Fed's mistakes can have devastating impact on the lives and fortunes of millions. It can sink viable business enterprises, force debtors to the wall, and put millions of people out of jobs. It can reward some investors and punish others. It can literally reverse the tide of economic growth or, in other circumstances, ignite the economic energies of the nation, not to mention the world.

Given these vast powers, it is fatuous to pretend that the Federal Reserve can somehow be insulated from politics. And, indeed, it is not. As any candid Fed governor will tell you, the institution is bombarded constantly with pleas and demands and unsolicited advice from select interests. As a matter of style, lobbying the Fed is done more delicately and discreetly than, say, lobbying Congress or the White House, but the private and semi-private dialogues surrounding monetary policy go on continuously—between the Fed and financial markets, banks and brokerages, and other major players, both foreign and domestic.

The only play-



Victor Juhasz

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ers who are left out of this conversation are the American people—and, to a large extent, their elected representatives. Instead, they are provided a frustrating stream of evasive euphemisms, opaque jargon, platitudinous generalities, and, sometimes, even downright deception. As more than one Federal Reserve governor confided to me, it would be very difficult—perhaps impossible—for the Fed to have an honest discussion of monetary policy with Congress or the public because the level of ignorance (and the potential for misunderstanding) is so profound.

So, if Congress is serious about reforming the Federal Reserve, it will necessarily have to think about changing more than the institutional behavior of the Fed. The lack of accountability is not simply a function of Fed mystique. Among elected politicians, there is also a widespread willingness not to know or understand. In fairness to Congress, the news media encourage this deference by promoting the conventional wisdom about the institution. Any politician who dares to become a critic can count upon damaging attacks from both editorial writers and news reporters, accusing him or her of "political meddling" with the non-political Federal Reserve.

I want to be very clear about what I mean by "political institution." I am not arguing that the Federal Reserve plays partisan favorites at election time or that it secretly obeys the incumbent president's whispered commands. Those are the standard complaints of Fed critics, but I found them refuted again and again by the actual history of the central bank's performance. If the Fed was dedicated to punishing Democrats and rewarding Republicans, then George Bush might still be president, and Richard Nixon would certainly have defeated John F. Kennedy in 1960. If the Fed faithfully took instruction from the White House, Jimmy Carter might have enjoyed a second term.

I am using "politics" in its generic sense: The Federal Reserve makes large and potent public decisions backed by the force of government power—yet there are no reliable mechanisms for political accountability or even for achieving a decent public understanding of what has been decided in the people's name. The Fed's power over the daily lives of ordinary Americans—not to mention the largest enterprises of commerce and finance—is at least as great as the president's or Congress's and, in most instances, more immediate. It takes many months or years to enact new legislation or to redirect the priorities of fiscal policy. Monetary policy can turn winners into losers overnight, and vice versa.

The Fed never has to face reelection. It was designed that way, of course, in order to resist the transient storms of popular opinion or narrow partisan ambitions. The actual result, I think, is a skewed political process in which some citizens have a large voice and most citizens have none. Bankers are consulted regularly and intimately, but labor unions and farmers, home builders and independent oil drillers are not. The bankers have their own private policy meeting with the Board of Governors four times a year—and just try getting a transcript of those discussions.

Fed Up

My point is not that the Fed is "captured" by the bankers and bondholders, as some critics claim. The reality is more complicated. My complaint is that the Federal Reserve, given its own institutional biases, is preoccupied with a narrow version of economic reality while other competing versions are excluded from the inside debate. If we could actually hear the inside debate at the Fed, I think this distortion would become clear to most everyone.

Frankly, the Fed does not even have to confront intelligent scrutiny from those the people have elected to represent them—the Congress. In my experience, congressional oversight hearings are usually a dispiriting mixture of posturing and bile and trick questions that Federal Reserve governors find quite easy to fend off. It is hard to take most of the congressional questioning seriously and not surprising that many at the Federal Reserve do not.

Meanwhile, important decisions are made in private, and only the most sophisticated observers can read the portents. Wall Street spends big money on its "Fed watchers" be-

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cause it needs to understand what the Fed will be doing to interest rates and the supply of credit and, therefore, to economic activity across every sector.

But the public is regularly blindsided by these government decisions because nobody will give it an intelligible explanation of what's coming and why. In fact, nobody looks backward in a patient manner and asks the most obvious questions: Was the Federal Reserve right in its decision? Or did the governors misunderstand the economic forces and choose the wrong objective? Did it make another large mistake?

Speedy Gonzalez: The populist representative from Texas is one of the few lawmakers willing to square off with the Fed.

Laura Patterson/*Roll Call*

In financial markets, investors speak of "transparency" and they insist upon it before they will buy a company's stock. They need to be able to see inside the company—beyond its rhetorical claims—in order to judge the logic of the company's business strategy and the reality of its performance. The Federal Reserve lacks "transparency." There is no earthly way that an average citizen can parse meaning out of the Fed's dense pronouncements. And there is no practical way for any member of Congress to begin to exercise accountability. To understand the Fed's policy, we need to be able to see the arguments that produced it.

This is not an unreasonable standard. Every other institution of government—except perhaps the Central Intelligence Agency—is required to reveal itself in just these terms. A president or any executive branch agency must provide exhaustive documentation and rationale for decisions. Every member of Congress must literally contribute to a public record of argument and deliberation. That's the basis of accountability.

That is why Henry Gonzalez's reform proposal is so important. Among all of the various reform measures he proposes, one goes to the heart of the matter: A requirement that the Fed make public a full transcript of the deliberations of the Federal Open Market Committee (FOMC), the powerful body that decides monetary policy, two months after its meetings. This is a necessary first step—no more than that—toward developing a more mature understanding of monetary policy and, therefore, a reliable sense of accountability. Gonzalez's bill is actually quite modest in scope. It does not compromise the Federal Reserve's established independence in any way. It does not try to change the institutional structure of the Federal Reserve System.

It simply asks a very basic question of a powerful government agency: Tell us what happened at your meeting. Let us hear what you said in plain English. Let us see why you made these decisions, what you thought you would achieve, what the economic conditions looked like to you at the time. Given

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that information, then we might be able to judge more coherently whether you are doing a good job or not, whether the tradeoffs you chose seemed reasonable, given all the interlocking complexities—or whether the Fed has made a large mistake and ought to correct it.

Some have proposed that the FOMC be required to announce its policy decisions on the same day they are made rather than releasing a summary statement six weeks later. The Federal Reserve has always argued against immediate release on the grounds that it would weaken its ability to conduct monetary policy. I think the Fed is right about that. The Federal Reserve is an active daily participant in the credit markets—actually, the largest participant—and, like every other player, it develops its own trading strategy for the weeks or months ahead. This is the essence of the FOMC policy directives to the open-market desk in New York, which buys and sells bonds in the open market as the mechanism for controlling the money supply and interest rates. It makes no sense to compel the Fed to reveal its trading strategy in advance so that other traders can use the information to adjust their own portfolios. The bond traders might like that, but it wouldn't do a thing for the general public or for the Fed's effectiveness.

It is reasonable to tell the Federal Reserve to publish a transcript of FOMC deliberations two or three months after the fact. That is a long enough delay to avoid any complications for the Fed's open-market desk, but it is still timely enough so that outsiders can find the information relevant to the larger economic debate. The old reporting system—unilaterally abolished by then-Fed chairman Arthur Burns in the mid-1970s—provided only a secretary's rough minutes of the FOMC debate, and it wasn't made public until five years after the fact—too late to be of any use to anyone but scholars.

The savings and loan crisis was dramatically worsened by the Fed's high interest rates. Fed Vice Chairman Preston Martin, who argued repeatedly and unsuccessfully for an easier policy to help salvage the S&Ls, told me: "We just threw them to the wolves."

If Congress adopted this modest reform, what would the public get?

A hard slog through very turgid stuff, believe me. Based on my interviews with Fed governors recounting the internal debates and on reading through several years of old FOMC minutes, I don't think anyone will be taking this book to the beach. We would be required to read long, earnest, genteel, and quite dense arguments over economics. No name calling. No secret political plots. No heavy oratory. Once in a while, perhaps, we might find a remark that sounds like one governor heckling another for some prior misjudgment, but the internal criticisms are usually quite subtle. The Federal Reserve is a decorous institution—even behind closed doors.

The grist of these private discussions is about the competing analyses of the economy held by the people at the table—arguments over what is happening and how monetary policy will affect everything from bank lending and manufacturing to unemployment and retail sales. This material, in other words, is

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not likely to yield sensational headlines. But it would be extremely useful to serious people who are willing to spend some time and effort tracking the monetary debate, month after month, and then ask intelligent questions about it. This starts with Congress, presumably, but it might also include the wide array of economic sectors that are not in banking or finance but which feel the impact of monetary policy, from farmers to home builders. In short, releasing the record is a modest step toward public education and accountability.

Would it change the FOMC conversation around the big long table? Sure, at least a little. Any public official who knows his words are recorded is likely to talk a little differently than he might in private. But so what? The content of the debate inside the Federal Reserve can be its own educational tool, just as members of Congress use the floor debate for broader purposes than persuading colleagues. That's valuable in a democracy.

Would it change the Fed's decisions? Maybe. If it makes the people at the table more sensitive to the competing trade-offs and to the wider variety of economic interests that will be affected by their decisions, that is a valuable result, too. But it won't reduce the daunting complexities and uncertainties that Fed governors must confront. This is the nature of monetary policy, and no one can change that.

So why then do I think this modest reform would be so significant? Believe it or not, I actually think the simple step of casting some sunshine on monetary policy might make the Federal Reserve a more effective institution of government. It would certainly raise the level of the economic debate in this country. It could actually enhance the Fed's credibility with the general public as people get a better grasp of the hard choices the Fed confronts, and at least put to rest some of the spookier conspiracy theories that are now so popular.

It would also encourage Federal Reserve governors to share the premise of their decisions with the people at large in terms that ordinary people can understand. The Fed is often essentially warning folks to slow down, telling business or consumers or investors to temper their appetites and behave more prudently. That message can be communicated with more effective results if people know what the Fed knows and if people can grasp what the Fed is trying to tell them.

Credit Check

The larger consequence of this reform should affect other government decision makers far beyond the Federal Reserve—perhaps including Congress. Making monetary policy more visible and legible ought to improve the government's overall management of the economy—not to mention the quality of our democracy—because it would illuminate contradictions which at present no one has to face.

Wright Patman, the late populist congressman who once chaired the House Banking Committee, once referred to the existing arrangement as "a car with two drivers." By this he meant that the fiscal policy of spending and taxation is controlled by Congress and the executive, while the money and credit policy is controlled by the central bank. One driver has a foot on the gas, the other on the brake. These two levers interact powerfully with one another, and the results are sometimes contradictory.

Yet there is absolutely no requirement in the law that the two levers must be coordinated. There is not even an intelligent process by which monetary policy and fiscal policy can be viewed together as pieces of an overall economic strategy. We all hope that there are private conversations between the Fed, the White House, and the budget leaders of Congress. But they certainly don't match notes in public, and their plans are often in conflict.

Instead, each side is free to go its own way, regardless of the other. I suspect that, down deep, both sides like it like that: Neither Congress nor the Federal Reserve wishes to coordinate policy, even in the most limited fashion, because that might crimp their ability to do their own thing. Forget the larger fallout.

Here are some tangible examples of what I mean:

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• In 1981, when Congress passed the Reagan economic program, the massive tax cuts and defense buildup were powerfully stimulative to the economy. But the Federal Reserve was simultaneously embarked on the opposite course: suppressing economic growth with extraordinarily high interest rates in order to squeeze out price inflation. Leave aside the argument over who was right and who was wrong. The stark fact is that the government was pushing the national economy in opposite directions at once. The car with two drivers wound up in a ditch—first a deep recession, then an awesome accumulation of debt—and we are effectively still in it.

• After the 1981-82 recession, though it never said so in public, the Federal Reserve privately resolved that it must continue to check the stimulus provided by the Reagan program in order to prevent inflation from recurring. In order to do that, the Fed held interest rates very high throughout the 1980s—the highest rates of this century in real terms—and that produced many collateral consequences:

1. The savings and loan crisis was dramatically worsened by the Fed's high interest rates. Fed Vice Chairman Preston Martin, who argued repeatedly and unsuccessfully for an easier policy to help salvage the S&Ls, told me: "We just threw them to the wolves."

2. The U.S. trade deficit ballooned from 1980 to 1985 because the Fed's tough monetary policy sent the value of the dollar soaring against foreign currencies. Privately, Paul Vol-

LOOK WHO'S TALKING, TOO

For years, House Banking Chairman Henry Gonzalez has accused the Federal Reserve System of being, in effect, a secret government more elaborate than anything Oliver North could dream up. He's not far off. Although the Fed manages the nation's money supply and thus helps determine the costs of home loans, car loans, credit card rates, bonds, and every other type of debt, including the federal deficit (in other words, all economic activity in the country), the only information about the Fed's momentous decisions is issued in fuzzy summaries Gonzalez calls "boilerplate reports on the economy that anyone could copy out of government and newspaper reports."

So Gonzalez has set out to make the Fed videotape the meetings of the Federal Open Market Committee (FOMC), the Fed's most important policymaking body, and release transcripts of the meetings after 60 days. In fighting the reform, Fed Chairman Alan Greenspan and the Fed's governors repeated longstanding claims that no verbatim records are currently kept and that to release more than a cursory outline of a meeting's minutes might cause damaging financial speculation.

The first is a lie; the second, a bureaucratic argument meant more to protect the Fed's mystique than to serve the interest of good public policy.

At the end of 1992, Gonzalez wrote Greenspan and the FOMC members—seven of whom are appointed by the president and confirmed by Congress; the others are the presidents of the 12 regional Federal Reserve Banks who are chosen largely by commercial bankers—to ask whether they knew FOMC meetings are currently taped and transcribed for a permanent record. Thomas C. Melzer, president of the Federal Reserve Bank of St. Louis, wrote a typical response, clearly implying FOMC meetings are not recorded: "I would be strongly opposed to any literal record of FOMC deliberations."

At an October 19 Banking committee hearing, Greenspan acknowledged that FOMC meetings are tape recorded "to assist in the preparation of the minutes that are released to the public."

"Those tapes are then taped over so that no permanent record exists in that way?" asked Rep. Maurice Hinchey of New York. "Is that correct?"

"There is no electronic record, that is correct," Greenspan answered. "We obviously have rough notes." Here Hinchey committed a classic Washington blunder: The congressman was not well enough prepared to ask the right question. Because Greenspan, deep in written testimony submitted

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cker anguished over this, but he did not change the policy. Lee Iacocca complained that once foreign producers grabbed market shares, it would be very difficult for American manufacturers to get them back. He was right. The trade deficit is with us still, despite a much weaker dollar.

3. The collapse of Third World debt in August 1982 was directly triggered by punishing interest rates—a connection denied at the time but now widely acknowledged by global financial authorities. Once the debt crisis put major American banks in peril, the Fed had no choice but to come to their rescue. Our trade relations with Mexico and the debate over NAFTA are directly tied to what the Federal Reserve decided 10 years ago. Does anyone in Congress examine the connection?

4. The farm crisis of the middle 1980s—and the debt liquidation of tens of thousands of family farms—was also linked to the Fed policy. The Fed, of course, did not set out to achieve this, but it was an inescapable side effect. When Paul Volcker's Federal Reserve doubled and tripled the cost of borrowed money almost overnight, it collapsed the collateral value of farmland and guaranteed an epidemic of foreclosures. Given the Fed's secrecy, neither farmers nor other debtors were given fair warning of what the government was doing to their financial condition. Indeed, long after the Fed had begun its campaign, various federal agencies were still making and

before the hearing, had noted that what he verbally called "rough notes" was actually "an unedited transcript. . . prepared from the tapes" that is "kept under lock and key by the FOMC secretariat"—verbatim FOMC transcripts which date back to 1976.

Bizarrely, Greenspan's written candor was not matched by his FOMC colleagues, who continued to maintain that there was no record. On October 15, four days prior to the hearing at which he and other FOMC members testified, Greenspan convened a conference call. The call, Greenspan acknowledges, was "mostly to inform the FOMC of the existence of these transcripts." (One of the call's participants noted, "AG (Alan Greenspan) not as confident as previously that Fed is not at risk. Fed vulnerable if mishandle transcript matter.") But even after being briefed en masse by Greenspan, who characterized the audiotaping as "common knowledge" around the Fed, FOMC members did not admit they knew about the recordkeeping.

"I have no personal knowledge of any records that others may have made at FOMC meetings," William McDonough, president of the New York Federal Reserve Bank, told the committee *after Greenspan had told him about the taping*. He went on to give disingenuous testimony about how he didn't realize that the green light under the Fed's board room microphones meant that a tape recorder was operating in the room next door—precisely what was happening.

The upshot? There is 17 years' worth of verbatim economic history that the Fed is trying to hide. But the FOMC revelations didn't make the evening news; the networks devoted no coverage to the fall banking hearings. Even *The Washington Post*, which put the transcript revelation on the front page of its business section, illustrated the story with a graphic depicting "A Fed Reading List," including its budget reviews and semiannual reports to Congress, as if the story were about how much information the Fed puts out, not what it has been withholding.

In November, a nervous Fed offered to edit the existing transcripts of past meetings and make them available—after they have aged five years. This means we will get to see 1988's records early next year. Sound like a great leap forward? It's not, because the Fed is currently debating whether to unplug the tape recorders altogether now that the word is out. So unless Gonzalez's bill becomes law, the Fed could unilaterally decide to stop recording the meetings. Its Nixonian response to the mere possibility of a little sunshine underscores just how much that sunshine is needed.

—*Alan Greenblatt*

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guaranteeing small business and farm loans that were literally doomed to fail by the Fed's monetary policy. The central bank didn't give farmers a clear warning, and it didn't tell the Department of Agriculture or the Small Business Administration, either.

This is not to blame the Fed for every bad thing that happens, and certainly not to argue that Reaganomics was right while the monetary policy was wrong. My point is that Federal Reserve policy makers faced excruciating trade-offs and usually had to choose between two bad outcomes. Yet these stark trade-offs were not generally known or understood, much less openly debated by the elected representatives. This great collision between monetary policy and fiscal policy unfolded in broad daylight, but only the most sophisticated citizens even understood that it was happening.

Another example, closer in time: In the presidential campaign of 1988, both candidates naturally promised voters that they would deliver expanding economic growth and abundant jobs. Meanwhile, Fed Chairman Alan Greenspan and the FOMC were pursuing the opposite objective: slowing down the economy, suppressing consumption, and thus increasing unemployment. Right in the middle of the campaign, the Fed started ratcheting up interest rates and continued to do so for the next year or so. When short term rates were pushed higher than long term rates, the Fed was flirting with recession. I don't know if that is what the Fed intended—maybe not—but that is what the country got.

Question: Did Congress know the Fed's tightening monetary policy was pushing the economy into a full-blown contraction? Evidently not. Just as the recession was taking hold, Congress adopted the famous deficit reduction deal of 1990—raising taxes in the face of recession and thereby deepening the pain and destruction.

By the way, this is not a judgment made in hindsight. I wrote as much at the time in the pages of *Rolling Stone*: First that the Federal Reserve was inducing a recession and later that the 1990 budget deal would thus make things worse—including making the federal deficit worse. My analysis was based on what financial sources in Wall Street told me was happening and on a very straightforward observation: Every recession since World War II has been preceded by similar behavior from the Fed. When the central bank pushes short term rates above long term rates and holds them there—the so-called inverted yield curve—a recession follows.

Question: Would Congress have changed its budget decisions in 1990 if members had understood what the Fed was doing? At the time, Greenspan was urging passage of the budget accord and assuring everyone that recession was not at hand. As I said, the Fed is not infallible, either.

Reforming the Fed should have two goals. First, it must foster a more coherent and rational coordination between monetary and fiscal policy. And second, the cloistered debate must be opened up so that many more voices can be heard. The first step toward reform requires public education, not changing the institution. Over time, if elected political leaders develop a better grasp of the subject, they might be willing to examine the deeper power relations and consider changing them.

The Federal Reserve will naturally oppose both public education and institutional reform. As a political institution, it has skillfully mobilized its constituencies over the last 80 years to oppose any intrusion on its mystique. Right at this moment, bankers are busy heckling members of Congress, warning them about the dire implications of Fed reform. Guess who asked the bankers to do that.

In 1913, the Federal Reserve seemed like the grand compromise, and both political parties supported it. Both parties have stood by it since. In 1993, we are on new ground. The Fed is more influential than it pretends but also less powerful in the global economy than it once was. If this country is ever going to come to grips with the new global economic realities threatening our long term prosperity, we need to hear a lot of honest arguments about how the government manages the economy. That is impossible so long as half the story remains fogged from view. □

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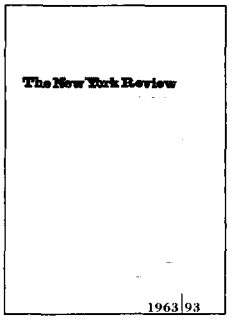

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Raising Keynes

The full and varied life of the century's most influential economist is a challenge to woolly headed, narrowly focused academics everywhere

BY JOHN KENNETH GALBRAITH

John Maynard Keynes, Volume II: The Economist as Savior, 1920-1937
Robert Skidelsky, *Viking Press, $34.95*

Any survey of economists as to who was the most influential economic figure of the century would bring a wide, if unnatural, agreement, extending to those most conservative in the faith: It would be John Maynard Keynes. He would also be a strong contender as the most influential intellectual voice of his time. It was his not slight achievement to have changed the way the modern economy is thought to perform and to have changed radically the view of the relationship of the government to economic life. Once, the economic system was thought to have a life and dynamic of its own. Since Keynes, its performance is assumed to be the clear responsibility of the government.

It was Keynes' enduring view that a basic tendency of the modern economy was not necessarily to the employment of all available and willing workers; it could be to an equilibrium of low performance, of unemployment. And it was his companion case that this equilibrium could only be broken and relatively full employment assured by government fiscal intervention—by the government spending money in excess of its revenues to put people to work. This, with the further multiplier effect, would enhance the flow of aggregate demand and thus increase production and employment. A more than incidental consequence would be that the country would get the fruits of this employment—the housing, highways, bridges, airports, post offices, schools, hospitals, parks, conserved forest lands, whatever came from men and women working rather than subsisting on the barren reward from unemployment compensation and relief payments—in Keynes' world, the dole.

No one should suppose that these ideas are either dated or confined in any way to one part of the ideological spectrum. It is only that they may be applied without being admitted, even identified. During the late 1980s, Ronald Reagan established himself as the most committed Keynesian of modern times. Following the sharp recession of his first months in office, he presided over a major expenditure and employment program, which led to unprecedented peacetime government borrowing and a deficit that ranged up to $238 billion in fiscal year 1986. That the principal object of expenditure was armaments—the defense buildup—does not alter the underlying economic fact. In the absence of this massive stimulus, the economic performance during his presidency would have been very different, and sadly so. Stagnation, and an unforgiving level of unemployment, would have been near-certainties. Mr. Reagan should keep a copy of Keynes' *General Theory of Employment Interest and Money* by his bedside and finger it affectionately each night before dozing off into yet deeper sleep.

After the collapse of the speculative boom of

John Kenneth Galbraith is the Paul M. Warburg Professor of Economics Emeritus at Harvard University. He is currently working on a book on the world economy since World War I.

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the 1980s—the banking and S&L disaster, the end of the mergers-and-acquisitions and leveraged-buyout mania—and with the defense buildup tapering off, the economy settled into a new underemployment equilibrium, one that more than anything else brought an end to Mr. Bush and his administration. It was to this that Mr. Clinton's very modest and politically ill-fated stimulus package was addressed. In Keynes' time and still today, no idea was or is more resisted in the more primitive canons of orthodox finance than the notion of a normal underperformance by the economy. Balance the budget and all is well. Nothing could be more visibly in error.

The influence of John Maynard Keynes went far beyond the matter of modern macroeconomic policy with which his name is most intimately identified. As a very young man during World War I, he had a responsible role in handling Britain's overseas financial needs and resources. Afterward he was a junior member of the British delegation to Versailles and attracted worldwide attention by resigning and writing a decisively influential book, *The Economic Consequences of the Peace*, this on the insanity of the proceedings and the resulting reparations claims.

In the 1920s and 1930s, Keynes wrote and spoke prodigiously on British (and world) economic policy, and with historic force on the decision of the British Treasury, the City of London financial establishment, and their captive Chancellor of the Exchequer, Winston Churchill, to return to the gold standard at the old pre-war parity with the now much stronger dollar. The result was to force an extreme deflation on British export industries, most notably coal, leading on to the General Strike. These disasters Keynes had predicted in nearly explicit terms; few economists have ever been so dramatically right. He went on to publish *The General Theory* above mentioned, to have a major role in wartime economic policy in both London and Washington, and then to be a dominant influence in the creation of the World Bank and the International Monetary Fund. And as I will suggest in a moment, there was much, much more. A good part of his influence proceeded from his incredible energy; there was no economic problem in the United Kingdom and not many in the Western world on which, between 1918 and 1946, he did not speak, lecture, and write.

Robert Skidelsky is a British university don and a member of the House of Lords, where he sits on the Conservative benches; he has devoted all his recent years to writing the life of John Maynard Keynes. The first volume carried Keynes through his student days, his wartime years and Versailles, to 1920. This volume, which will be the most important of the three Skidelsky plans, covers the years from 1920 through 1936, the period of Keynes' greatest productivity and influence. The third is yet to come, on the years of the Keynesian revolution and on to World War II. Much of that will concern the United States.

It was in the United States that Keynes found some of his most devoted and influential followers, a matter to which he was by no means indifferent. A personal note: In 1937, I went to Cambridge University to spend a year in the Keynesian circle. I did not see him, for it was at that time that he suffered the first of the heart attacks from which, in 1946, he was to die. Subsequently, in wartime Washington, I did come to know him. I was by then, effectively, the wartime price czar; Keynes met, on occasion, with his young disciples. From him I had firm word on some of my price control errors.

Skidelsky is a clear and competent writer, fully qualified as an economist and strongly sympathetic to his subject which, as here made evident, even a British Tory can be at this point in time. He writes with equal attention of Keynes' public and private life and in particular of his ability, unequalled in his time or perhaps any time, to live several lives at once. This last was impressive; the reader coming to this book and freshly to Keynes' life will be all but astounded.

Thus Keynes combined an extremely public and political life with a deeply private existence. No major matter of economic policy escaped his interest, his concern, or his effort at persuasion. At the same time he was strongly protective of his circle of friends and of his own enjoyments. He was devoted to his duties to colleagues, students, and College and University business as a fellow of Kings College at Cambridge. There he spent part of the week. For the rest of the time he was with his literary, artistic, bohemian, and sometimes socially perverse friends in Bloomsbury. Though a serious academic concerned with some of the deeper intricacies of economic theo-

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ry, he also spent a great deal of time making and, on a couple of occasions, losing a lot of money. He combined massive popular writing with intensely intricate theory. His sex life went from intense homosexual affairs to a long and loving marriage to Lydia Lopokova, the noted ballet star over whose career he presided with devout attention. A British newspaper celebrated their wedding: "Was there ever such a union of beauty and brains as when the lovely Lopokova married John Maynard Keynes?"

John Maynard Keynes and Lydia Lopokova, circa 1922

Keynes' marriage was helped by a long interest in and association with the arts; he undertook to have a theatre built for the performing arts in Cambridge. He is, in other words, a model for all economists who are tempted to specialize for a lifetime on the more esoteric aspects of perfect market behavior or the deeper subtleties of rational expectations doctrine. Keynes did not specialize. Of this Skidelsky leaves no one in doubt.

But the author is also excellent on Keynes' dominant contribution. This, as noted, is his view of economic performance and nonperformance and the appropriate public policy. It is to this that the author comes definitively in the last chapters of this book. He tells, in effect, how modern macroeconomics was born.

Here is the grim possibility of our own time. Have we, as happened more deeply in the 1930s, settled into another underemployment equilibrium? Is it now the case, as then, that orthodox finance and its obtrusive voice on budget-balancing is a formula for continuing stagnation? Are the weekly forecasts of improvement, now as then, tedious expressions of hope? Is it possible—a particularly depressing but now inescapable thought—that influential individuals and interests prefer comfortable stagnation to vigorous growth and certainly prefer it to corrective fiscal action?

These are questions which anyone reading Skidelsky will be led to ask, or so I hope. He or she will not, I should warn, find the reading entirely easy. The author has not only an eye for detail but a nearly insatiable appetite. Much in this book I liked; for example, the letters of Lydia to her husband in elegantly contrived English are enchanting; likewise his journeys to the United States, one of which included a visit to FDR. But sometimes one gets a little lost. Skidelsky is especially unsparing on the evolution of Keynes' economic thought, going back to articles, letters, conversations, and even to notes taken by students as Keynes expressed his developing views in his Cambridge lectures. There have been biographies of Keynes before; there will never be another quite so exhaustive and, on occasion, quite so exhausting as this. The reader can, in good conscience, pass over some of the personal and theoretical minutiae; there should be no sense of guilt in doing so.

What must not be passed over, however, is the thought that on balanced budgets and conservative finance, history may be repeating itself; that the voices of orthodox finance, both insistent and supremely confident in error, may again be prescribing unemployment and deprivation for the many so conveniently distant and unknown. This forms the solid center of this highly relevant treatise. □

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Left in Place

Diana and Lionel Trilling, New York's most important intellectual couple, confronted what was wrong with liberalism but never wandered from the faith

BY MATTHEW COOPER

The Beginning of the Journey: The Marriage of Lionel and Diana Trilling
Diana Trilling, *Harcourt Brace & Co., $24.95*

If you don't know the work of the Trillings, you should—especially if you are a reader of this magazine. *The Washington Monthly*'s founder and editor, Charles Peters, often cites Franklin Roosevelt and John Kennedy as his political heroes; Christ and Cervantes get an occasional plug, too. But among the forebearers of Peters' critique of liberalism, Lionel Trilling stands out as a key figure—and not just because he taught Peters at Columbia. Trilling's 1950 collection of essays, *The Liberal Imagination*, presaged much of what the *Monthly* would advocate at its birth 19 years later. Trilling argued that liberalism, though born of laudable motives, often becomes rigid and ossified.

Of the two Trillings, Lionel is by far the better known—or at least he was until his death in 1975. From his perch at Columbia, he wrote for more than 40 years on literature, society, politics, and culture in a way that's rare today when contemporary literary criticism, concerned as it is with semiotics, deconstruction and other linguistic methodologies, self-consciously distances itself from the world outside the academy. In journals like *The Nation* and *Partisan Review*, Diana wrote similar sorts of essays and reviews. It's hard to think of contemporary literary critics who do such work now. Ironically, a couple of parallels to the Trillings that come to mind are Edward Said, also a Columbia English professor, who is a strident cheerleader for Palestinian nationalism, and his polar opposite, Norman Podhoretz, the neoconservative editor of *Commentary* and a former student of Trilling's, who is a strident champion of Reagan and the Likud. The Trillings shared the Said-Podhoretz connection with the real world. The slightly pretentious but useful French term is *engagé*.

But any parallels end there. Both Li and Di, as close friends called them, rejected what she calls "ritualistic politics." In the thirties, forties, and fifties, liberals disillusioned with Soviet totalitarianism went one of two ways. On the one hand, they took Whittaker Chambers' path, turning sharply right. Or, like the Trillings, they rejected Communism yet remained true to the great liberal goal of fair play. (The *Monthly* would eventually apply this same principle of questioning liberal orthodoxies in asking what had gone wrong with the American union movement, with public schools, and with government itself while maintaining a faith that these institutions could work.)

On the great issues of their lives the Trillings walked a delicate middle course. They opposed Communism but also opposed Joseph McCarthy. In the 1960s, the campus left vilified Lionel. During the Columbia riots of 1968, radicals decried his anti-Communism and put up posters bearing his picture with the inscription: WANTED, DEAD OR ALIVE, FOR CRIMES AGAINST HUMANITY. Even in the face of such madness, however, the Trillings were never moved to react by abandoning liberalism altogether. Neither became a

Matthew Cooper, a contributing editor of The Washington Monthly, *covers the White House for* U.S. News & World Report.

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neoconservative. Three years before Lionel's death, both Trillings resisted the entreaties of Irving Kristol, the neoconservative editor of *The Public Interest*, and his wife, the historian Gertrude Himmelfarb, to sign a petition supporting Richard Nixon's reelection, even though both Trillings were uncomfortable with McGovern's brand of liberalism. "Lionel did not live long enough to witness the rise of the neoconservative movement," Diana writes, "but I have little question that if he had been alive and working in the eighties, he would have been highly critical of this swing to the right by our old friends."

Diana Trilling today

Diana Trilling's memoir chronicles their intellectual journey from thirties' radicalism to a more searching, skeptical liberalism. Since her book was released earlier this fall, it has received wide praise, including thoughtful and flattering reviews in *The New Republic* and *The Atlantic Monthly*, but most have failed to emphasize that this is a fun book. Although the Trillings' literary criticism can be a bit daunting for those who haven't kept up with their *Cousine Bettes* or their *Princess Casamassimas*, this memoir is delightfully approachable for the rest of us. Think of it as an account of what it was like to be a thinking person during the first half of this century. (The book pretty much leaves off around 1950.) Its style is conversational, perhaps owing to the fact that Diana Trilling, now approaching 90, is virtually blind and "wrote" the book by dictating it in her New York apartment.

One of the remarkable things about the memoir is how it reminds us how much our culture has changed in a relatively short time. I haven't read much about what it was like to drink in the twenties. Here I learn that Lionel and Diana met at a speakeasy in 1927 which, far from being a Capone-style saloon, was more like a family trattoria. And the two were not untypical of a time when liquor flowed more freely than it does today. Diana writes: "Until Lionel and I decided to marry we were never wholly sober in each other's company. . . I doubt that I left any social gathering without being more than a little drunk." And there are observations on what it was like to deal with the antisemitism that excluded Jews from any number of elite professions. English departments were particularly disdainful of Jews because they were not thought to be sufficiently refined. (Lionel Trilling was the first Jew to become a tenured professor in Columbia's English department.) For her part, Diana was denied even an interview for a post at the Metropolitan Museum of Art. And of course the transformation of women's roles is equally extraordinary. For example, it's not surprising to hear that Diana was expected to do the housework even though Lionel was well ahead of his time in being supportive of her writing; this burden still falls to many if not most women in today's two-career marriages. But what is amazing was that as late as 1967, when Diana found herself at a dinner in Germany with such intellectual luminaries as Daniel Patrick Moynihan, no one suggested that Diana join the men after their German host enjoined his male guests to move into the parlor to discuss politics.

There are scores of other interesting insights—how, for instance, the kind of intellectuals who became *engagé* in the thirties spent the twenties "deliberately distanc[ing] themselves from public affairs; their refusal to talk or think about politics was how they guaranteed their intellectual purity. I was not surprised when J. Robert Oppenheimer, testifying at his loyalty hearing before the Atomic Energy Commission in 1954, declared that in the late twenties and early thirties he had no radio and read no newspaper." And although we tend to think of the Depression as a sudden calamity that befell the entire nation, Trilling reminds us that its effects were more gradual: "Throughout the winter of 1929 and the spring of 1930, the life of the city was much as it had always been. Restaurants continued to be patronized, theaters and concerts were as well-attended as ever. In our own circle the collapse of the mar-

Tom Victor

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ket and the possible consequences were scarcely spoken of—it was as if, in a more recent time, the Berlin Wall came down without any of us stopping to comment on it."

But it would be wrong to think of *The Beginning of the Journey* as merely the story of an era. It is as personal as it is political, and much of that story is sad. This comes as a surprise. Those who were familiar with the Trillings couldn't help but be impressed by them. If Dashiell Hammett and Lillian Hellman were in some sense frauds—a dashing couple with unsavory Stalinist politics—then Li and Di were truly admirable. Not only politically sensible and smart, they were gracious and refined. (There's much in this book about Lionel's exquisite manners.) But like many memoirs, this one reveals melancholy behind the public facade. Both Trillings had parents who could only be called neurotic. Of Lionel's father, for instance, Diana writes: "By the time I met Lionel's father, his hypochondria was so extreme that he would not have gone within splashing distance of cold water. He had five, or was it six, weights of underwear with which to move from season to season without 'shock to the system.'" As a boy Lionel bore the expectations of parents who expected him to become an Oxford-educated literary critic. Kids raised this way tend to get beaten up a lot. There's a sad but unintentionally funny account of a bookish young Lionel enduring an onslaught of snowballs by thinking of Norse myths.

As adults Lionel and Diana were themselves neurotic. Lionel was prone to depression and writer's block. In his later years he was editing a literary anthology and "day after day, week after miserable week, he labored at this one assignment: Often the most he could accomplish in a day was to change a colon to a semicolon or a 'but' to a 'however.'" More ominously, Lionel was given to occasional outbursts of enormous anger—nothing physically violent, but during which he would blame Diana for all that was wrong in his life. For her part, Diana was a walking catalogue of phobias and ailments. She was especially prone to panic attacks. For years she sought comfort from an array of psychoanalysts—both Trillings were deep admirers of Freud—whose treatments were utterly ineffective.

The qualities that made Lionel Trilling such a profound thinker—his grace and moderation—were, he understood, his undoing as a writer of fiction. More than he wanted to be a great critic, Lionel strove to be a great novelist. And while he achieved no small fame with a handful of stories and a novel, his work was, he recognized, a decidedly bloodless product. His novel *The Middle of the Journey* is based on the Alger Hiss spy affair, and while undeniably subtle and intelligent, the book comes off as cool and detached. Trilling himself understood that he was too emotionally constrained to write a passionate novel. He saw his life, Diana writes, as

> a disjunction. . . between the circumspect life of criticism and the life of unhampered instinct, of drunkenness, irresponsibility, unimpeded sexual freedom, from which flowed (as Lionel would have it) the capacity to be a novelist. I could not have wished Lionel to be a drunkard in order to be a novelist. The power to write fiction does not lie in the bottle. But I could have wished him to have a thousand mistresses were this to have released him from the constraints upon him as a writer of fiction.

Given that both Trillings lived their lives with considerable sorrow and repression, it is surprising and unfortunate that Diana doesn't have kinder words for the Beat poets of the 1950s. Allen Ginsberg was a student of Trilling's at Columbia in the 1940s. Over a period of years Ginsberg popped in and out of the Trillings' lives. To be sure, Ginsberg's eccentricities could be infuriating. He once showed up at the Trillings' house and unceasingly played an accordion-like instrument all night. And Ginsberg's devotion to psychedelic drugs was wrong. Still, the Beats had a lesson for the Trillings that Diana seems to note only grudgingly. Ginsberg and Jack Kerouac were the public embodiment of what, in a way, the repressed Trillings—and in some way, much of the nation—privately yearned for in the years after World War II. During the 1950s, while America was embracing the gray flannel suit, Ginsberg and Kerouac were consciously rebelling against the careerism of their contemporaries and trying to strip away the masks that hide us from others and from ourselves. The Beats often went too far. But they also had important lessons about simply loosening up that Li and Di, in all their wisdom, would have been wiser still to have embraced. □

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Political Booknotes

The Case Against the General: Manuel Noriega and the Politics of American Justice
Steve Albert
Charles Scribner's Sons, $25
By Michael Isikoff

During his 1988 trial in Tampa, Florida, Medellin cartel baron Carlos Lehder was portrayed by federal prosecutors as the most monstrous drug trafficker of recent times—a deranged, Hitler-loving thug who turned cocaine smuggling into a multi-billion dollar hemispheric enterprise. By the fall of 1991, Lehder appeared to have undergone a remarkably quick rehabilitation. He was now a certified U.S. Department of Justice truth teller, one of the star witnesses in the government's case against the new demon of the moment, Manuel Antonio Noriega.

Never mind that Lehder had never actually met Noriega, or that his track record for veracity was less than sterling. His character transformation is only one of the many bizarre subplots in the U.S. government's four-year effort to convict the one-time dictator of Panama—a story that is told in exhaustive and at times fascinating detail in Steve Albert's *The Case Against the General*. Indicted in the winter of 1988, during the peak of drug war hysteria, Noriega had been publicly portrayed as a "drug lord" and poisoner of American children. In December 1989, determined to show his resolve against the cocaine threat, President Bush unleashed Operation Just Cause—an invasion of Panama by 23,000 U.S. troops whose primary goal was to capture Noriega and haul him into a U.S. courtroom.

But while Noriega was unquestionably brutal and corrupt—character defects well known to the CIA officials who had long kept him on their payroll—his actual role in the cocaine trade had been grossly overblown. One charge in the 1988 indictment—that Noriega had taken a $4 million cash bribe from a Colombian drug smuggler named Boris Olarte—lacked even the slightest corroboration. (It later turned out to have been concocted by Olarte after he was imprisoned and facing a lengthy prison term.) Another part of the indictment—a tangled story of Noriega seeking Fidel Castro's help in mediating a dispute with the cartel—was thrown in largely for political reasons in Miami and was doubted even by some of the indictment's authors. Indeed, one of the more startling passages in Albert's book recounts the first serious review of the case by professional prosecutors in Miami shortly after Noriega was brought into U.S. custody. Assigned to head the Justice Department's prosecution team, senior litigation counsel Michael P. Sullivan thought the testimony so weak that Noriega could get off. "It was a loser, he

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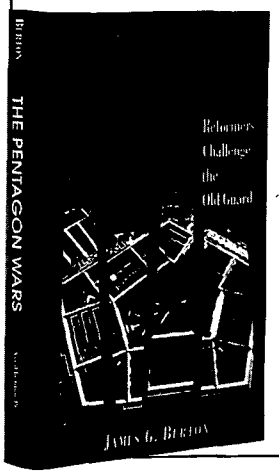

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[Sullivan] thought," writes Albert. "It was a loser from day one."

One might well ask why nobody bothered to check with Sullivan before Bush ordered the invasion. Nonetheless, having repeatedly assured the public that the case was airtight, the Justice Department pulled out all the stops: Justice froze Noriega's worldwide assets (without ever identifying them as proceeds from the drug trade), making it difficult for the imprisoned general to mount a full-fledged defense. It taped and analyzed his prison phone calls (inadvertently picking up confidential conversations with his lawyers). It dispatched teams of investigators to pore over thousands of documents seized during the invasion in hopes that something tying Noriega to the drug trade would turn up. Nothing ever did.

So in the end, the Justice Department was forced to rely on the bartered testimony of certified sleazebags like Lehder. There is nothing particularly shocking about such testimony in drug and organized crime trials. But rarely has it been presented with such unabashed zeal and excess as in the Noriega trial. Combing the depths of federal penitentiaries throughout the country, Sullivan's prosecution team offered inmates with absolutely nothing to lose amazingly lucrative deals—dropped charges, sharply reduced sentences, immigration visas for their loved ones—all for a few words that would implicate the general. As a reporter covering the trial, I remember listening to much of this testimony and wondering, how can anyone believe this stuff? At one point, the government produced two lowly denizens of the Miami Correctional Center who told a fanciful story of seeing Noriega yukking it up with the cartel barons at Jorge Ochoa's personal office in Medellin. There was not a shred of corroborating evidence that Noriega had ever been to Medellin, but here was the U.S. government presenting it as fact.

Such testimony, moreover, tends to be highly pliable, depending on circumstances. One of those witnesses, Gabriel Taboada, claimed he had seen the cartel barons giving Noriega a briefcase stuffed with $500,000 in cash. Barely a year after he regaled the jury with this tale, a federal judge in South Carolina refused to grant Taboada the lenient sentence recommended by the Noriega prosecutors. At that point, Taboada recanted, confessing he had made the whole Noriega story up. No matter. Against a hopelessly outgunned defense team, it was more than enough. Noriega was convicted on eight of ten counts against him and sentenced to 40 years.

Albert, a San Francisco-based journalist who edits a legal newspaper called *The Recorder*, tells the story well, benefiting from the obvi-

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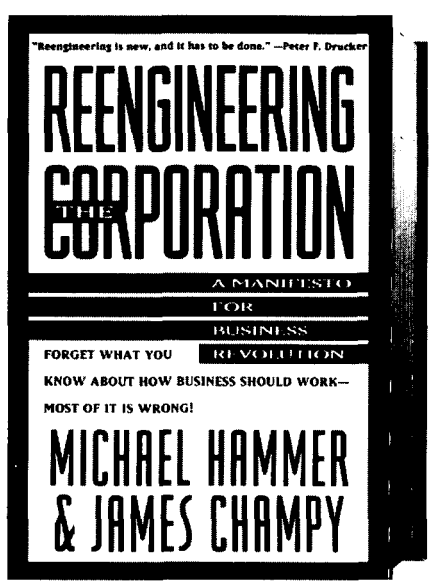

A Selection of the Fortune Book Club

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ous cooperation of lawyers on both sides of the case. He is also determined for the most part to play it straight, dispassionately recounting what (to me at least) seemed obvious excesses and questionable tactics by the government without even venturing an opinion. As a result, Albert fails to put the Noriega case into its larger context—the prime example of an American legal system that has become increasingly warped and distorted by the government's need for big name trophies in the "war" against drugs and crime.

Michael Isikoff is a reporter for The Washington Post.

Private Parts
Howard Stern
Simon & Schuster, $23
By Scott Shuger

People in book publishing are always complaining about how much material they have to wade through and how little of it is any good. Well, with the publication of this book, a 446-page attack of verbarrhea from morning radio man Howard Stern, it's going to get much worse. For anybody harboring any remaining doubts, *Private Parts* proves that in America today, anything can be a "book," and anyone can be an "author." Indeed, it proves that anyone can be the nation's No.1 best-selling "author." Yet another triumph of democracy over quality.

To be fair, Stern is sometimes funny. Referring to a right-wing group asking for donations for its effort to have him removed from the airwaves, Stern wonders, "Why are they raising money to force me off the air? Send the money directly to me, and if it's enough, I'll leave voluntarily." In an on-air discussion with Dick Cavett, Stern combined a reference to Cavett's up-and-now-mostly-down talk show career with one to Cavett's long battle against depression this way: "What's worse, Dick, when they cancel one of your shows or when they cancel one of your prescriptions?"

And, very occasionally, Stern is even funny when the topic might actually matter to someone. When Magic Johnson's announcement that he was HIV-positive was greeted with gushing reverence from the media, Stern had his own, more on-point take. Stern observed that Magic had kept hundreds of women he'd slept with in the dark about the fatal risk they were taking. The book includes Stern's on-air, imaginary rendition of Magic's less-than-frank discussion with a former bed partner:

Magic: "You know what, baby, it would be a whole lot easier if you tuned in to national TV. Just tune in to my press conference."

Woman: "Okay, but that doesn't sound like good news."

Magic: "Look at it this way: You can smoke all the cigarettes you want, do lots of drugs, jump out of an airplane, and race cars."

"What I told my listeners," Stern writes, "was that Magic was pretty damn irresponsible to get it in the first place. It wasn't as if he got infected through a bad blood transfusion or from his dentist. No, this guy came down with it because he had incredible amounts of unprotected sex. . . Some role model! . . . Meanwhile a real hero like Jonas Salk can't afford cable TV."

However, Stern's book contains remarkably few such moments. Far more typical is what he says about men who are against abortion: "I hope they, collectively, while walking down the street, get pulled into an alley, sprawled over a dumpster, and [expletive] right up their fat [expletive] asses. Then they'll be crying, 'We got raped in the ass!' Good for you, you pigs. Then they'll be the ones screaming that

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they want to have abortions." (Excuse me, but does Stern think that men get pregnant?) And Simon & Schuster must be particularly proud of this sentence: "Her [expletive] must have smelled like daisies, I imagined as I clutched my hot beef."

The main problem is that while Simon & Schuster published *Private Parts*, it certainly didn't edit it. There's utterly no evidence of shaping or guidance. That's not exactly a bulletin to those who've been following the degeneration of non-fiction publishing over the past decade's worth of celeb bios and self-help titles; it's just the most blatant example yet. It's interesting to note that by far the funniest thing Howard Stern has ever done was his one appearance on "The Tonight Show" with Jay Leno (recounted in the book). The reason is that, unlike morning radio and big-time publishing, on "The Tonight Show" there are things you can't say, and there was a delightful tension involved in watching Stern press against that limitation (the same point applies to Stern's many appearances on David Letterman). In short, Simon & Schuster forgot that you can't get edginess without supplying an edge.

The result is that *Private Parts* isn't about anything. Or to be more accurate, it's all about Howard Stern, and he isn't about anything. What's promising about Stern is that in this age of public relations, he's spontaneous, and in this age of pretense, he's plebeian. But as useful as these qualities are—and as much as America could use more of them—they are form, not substance. By themselves, they are neither valuable nor interesting. Lincoln was spontaneous and plain-spoken, but so was Dillinger.

What's next for America after a book like this? Well, I hear Simon & Schuster is thinking about opening up a chain of massage parlors.

Scott Shuger is a contributing editor of The Washington Monthly. *This note is adapted from a review that appeared in* The Boston Globe.

Exit into History: A Journey Through the New Eastern Europe

Eva Hoffman

Viking Press, $23

By Halle Shilling

For people so obviously eager to rid themselves of communist rule, Eastern Europeans seem to be electing a lot of Soviet-style politicians these days. This past October, Polish voters gave the Democratic Left Alliance, a party primarily of recycled communists, a 20 percent plurality in Parliament, and second place went to the formerly Communist-aligned Polish Peasants Party. In Romania, Hungary, the Czech Republic, and Slovakia, former communists remain a significant voice in politics.

In *Exit into History*, Eva Hoffman explains the apparent paradox of these newly elected communists by putting a human face on the aftermath of 1989's revolutions. Beginning in 1990, she traveled the main streets of the former Eastern bloc's capital cities and the backroads of its villages. From Bulgaria's parliamentary rotunda to a gypsy tavern in rural Romania, Hoffman reveals how life in post-communist Eastern Europe has fallen well short of almost everyone's hopes. Interviews with people in the streets—from former Polish censors to Bulgarian taxi drivers—illustrate how difficult the transition from comrade to citizen has been. The problem, it turns out, is that being a comrade had more than its share of advantages.

For all its repression, communism stabilized standards of living, controlled inflation, and made unemployment nonexistent. Work might have been thoroughly unsatisfying, and there could well have been four superfluous people performing each task, but at least jobs were available. In Poland, nearly everyone was worse off economically in the two years following the fall of communism, and the country's unemployment rate hit 14 percent this year. Hungary's unemployment rate could climb to 20 percent by January; the Czech Republic suffered a 35 percent fall in industrial output between 1990 and 1992. Comecon, the trading arm of the Warsaw Pact, recently collapsed. Not surprisingly, hyper inflation has

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set in; in Romania, a kilogram of sugar that cost 20 lei in 1989 now costs 500 lei, and in Warsaw apartments currently range between $15,000 and $80,000.

Complicating this economic downturn is a set of core beliefs that you'd expect to find in a people who just spent the last 40 years living in socialism. Surveys of nearly all Eastern European countries show that 70 percent of the population think the state should provide a job, a national health service, housing, education, and other services. Living in pre-1989 Eastern Europe seems to have been a bit like life in a hospital: unpleasant, but the basics were taken care of, and you never had to expend much energy. The arrival of political freedom has brought with it the slow demise of that intensive care culture, and, not surprisingly, a lot of the patients aren't happy.

The decline of communism also brought about social splintering of which violence in Bosnia is only the most notorious example. Asked if things had been better before, a Polish biology teacher makes this point to Hoffman: "No, of course not. Not better—but they were simpler. Us, Them. It was a predictable game. Now it's all up for grabs, there's no one to blame." Living under communism provided a common enemy, but after victory, the union that once bonded intellectual and shipyard laborer vanished.

This fracturing is reflected in the explosion of new political parties throughout Eastern Europe. In Romania, 74 parties battled for a parliamentary majority; in Poland, 29 parties out of 67 won seats in the 1991 election. Most of these organizations—the majority anti-communist—hate even the idea of party discipline because it reminds them of the bad old days. Their number and lack of unity diffuses their strength, which helps facilitate the election of a lot of communist retreads who take advantage of the clogged up system.

For Eastern Europeans the work has just begun. The revolution, as Hoffman's book makes clear, was the easy part.

Halle Shilling is an intern at The Washington Monthly.

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not go to all the important meetings or see much of the president, but they know a lot and they love to dish. The problem is that what they actually know first-hand is often affected by a tendency toward inflating their own roles.

Kolb, a deputy assistant to the president for domestic policy under George Bush, has that skewed perspective. His book is not nearly as engaging as John Podhoretz's *Hell of a Ride*, and Kolb's axe-grinding for himself and the other self-styled "New Paradigm" policy intellectuals pushing the supply-side/empowerment agenda is irritating. Anyone who agrees with him is a genius; anyone on the other side is a lightweight and a knave. The blows he lands are clumsy and often stale. The stories he tells are frequently trivial, amounting to nothing more than somebody blocking somebody else's memo.

And yet the overall effect is a devastating indictment of the Bush administration's utter failure on the domestic side. We already knew that Bush's presidency was "devoted to an in-box mentality that worshiped process over progress." What's new are the details of the sheer stupidity of the in-fighting. Roger Porter, the Harvard professor who was Bush's domestic policy chief and Kolb's immediate boss, comes across as almost a parody of a timid, ass-covering time-server who lives to play tennis on the South Lawn with the president, visiting governors, and other members of the White House tennis club. He "spent countless hours worrying over such trivia as font sizes and the width of page margins." Porter wasn't lazy, just appallingly reactive and a complete pushover for Richard Darman, the true villain of the book.

The best Darman story here involves Education Secretary Lauro Cavazos. Darman wanted an $8 million piece of pork for Dan Rostenkowski's alma mater in Chicago, Loyola University. Because Darman knew that Cavazos would object, he waited until the hapless cabinet officer was in Europe, then had one of his deputies use the department's autopen to affix the secretary's signature to the document needed to approve the grant. When Darman learned that Kolb had alerted Cavazos that his signature had been forged, Kolb became a walking dead man at the White House. (If the gassy memos he excerpts here are any indication, he probably was already.)

Kolb is stunned to learn that even after it was clear that the 1990 budget deal raising taxes was a political disaster, Bush continued to let Darman run the White House. He's right to condemn the budget director's "Brother, Can You Paradigm" attack on the series of fresh ideas (school vouchers, loser pays in court cases) that Jim Pinkerton and other conservatives offered. Some of the so-called "New Paradigm" was solid, and some of it was silly, but Darman's fundamental cynicism—his notion that Beltway number-crunching, not ideas, was all that mattered—was ultimately self-defeating.

I knew Bush was in trouble when one of Darman's deputies, Tom Scully, told me that health care reform was a "second term issue." If Bush had even made a stab at addressing fundamental domestic issues, he would have been able to rebut many of Bill Clinton's attacks and possibly would have won the election. Kolb cites an anonymous quote from a Bush aide in *The New York Times* that summarized the basic problem: "Keep playing with the same toys. But let's paint them a little shinier." In the end, what doomed Bush was as much the do-nothing notion of "No new toys" as "No new taxes."

Jonathan Alter is a senior editor at Newsweek *and a contributing editor of* The Washington Monthly.

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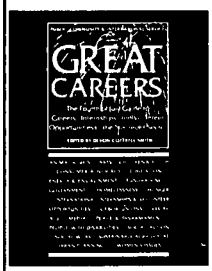

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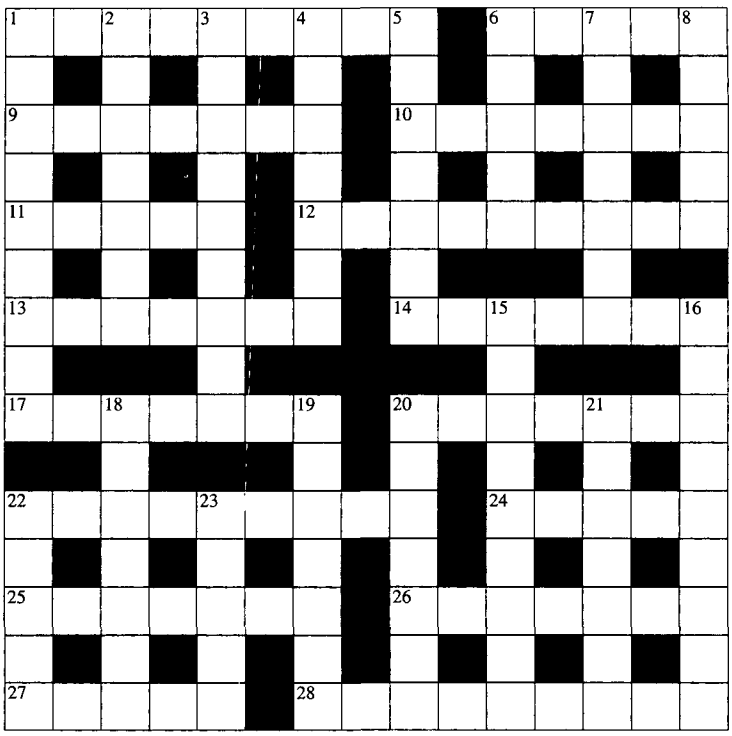
Political Puzzle

BY JOHN BARCLAY

The numbers indicate the number of letters and words, e.g. (2,3) means a two-letter word followed by a three-letter word. Groups of letters, e.g. USA, are treated as one word.



ACROSS

1. Err and defeat badly a form of 28 Across. (4,5)
6. Opponent of 1 & 28 Across made to steal back to Los Angeles. (5)
9. Once again, clean up messy curbers. (7)
10. Directed IRT help for poison. (7)
11. Was improperly around very old claims. (5)
12. Conspicious eggers moving around note. (9)
13. Try making calf fit awkwardly. (7)
14. Lit advance degrees in shed. (7)
17. Gets by mean gas explosion. (7)
20. We hear a condiment come from behind. (5,2)
22. Not up to shaky cabin leap. (9)
24. Confuse nag or nose, for example. (5)
25. Directions around strange are more suspicious. (7)
26. Build up for eye speck? (7)
27. Opponent of 1 & 28 Across tossing rope in front of tigers head. (5)
28. Enter game carefully for mutual satisfaction. (9)

DOWN

1. Carefully frame liar signal. (4,5)
2. Safe foe managed to relax. (4,3)
3. Defeating typical symptom in object. (9)
4. Surrounding flying mine bat. (7)
5. Closed harbors an aim of 1 & 28 across? (7)
6. Perjury in overly ingenious stories. (5)
7. Engage wild bettor before end of cash. (7)
8. Shows to auditor, *e.g.*, oboes. (5)
15. Team doors badly broken in Houston site. (9)
16. Child using pet and two dens carelessly. (9)
18. Lean cur adjusted in the central part. (7)
19. Controlled rabies with first injection for part of Russia. (7)
20. Even after 1 and 28 Across, knitting cap here is more cost effective. (7)
21. Garden tool around rising air transformed into snake. (7)
22. New York airport is talking back. (5)
23. Photo from roundabout Northern trip. (5)

Answers to last month's puzzle:

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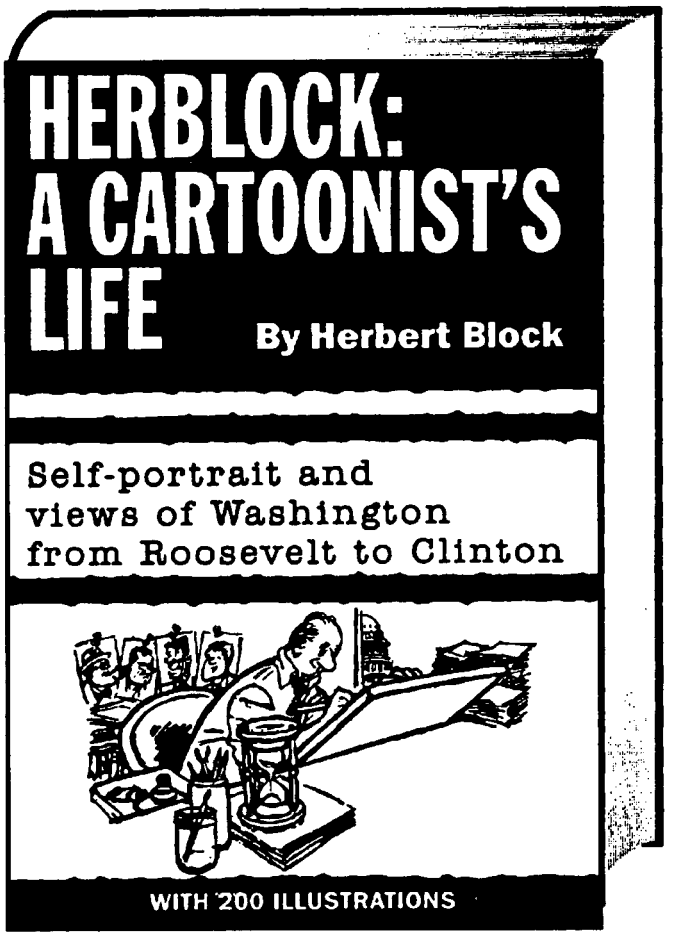

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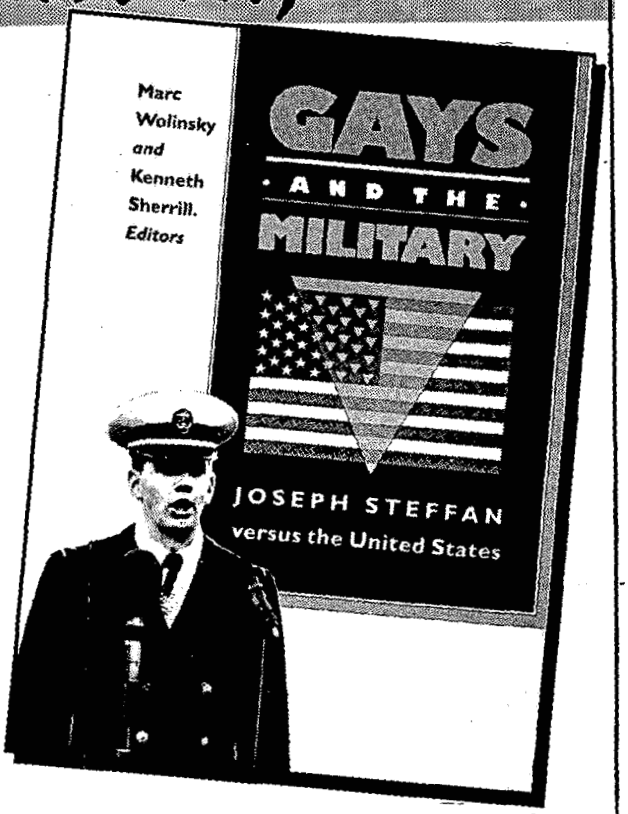

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